

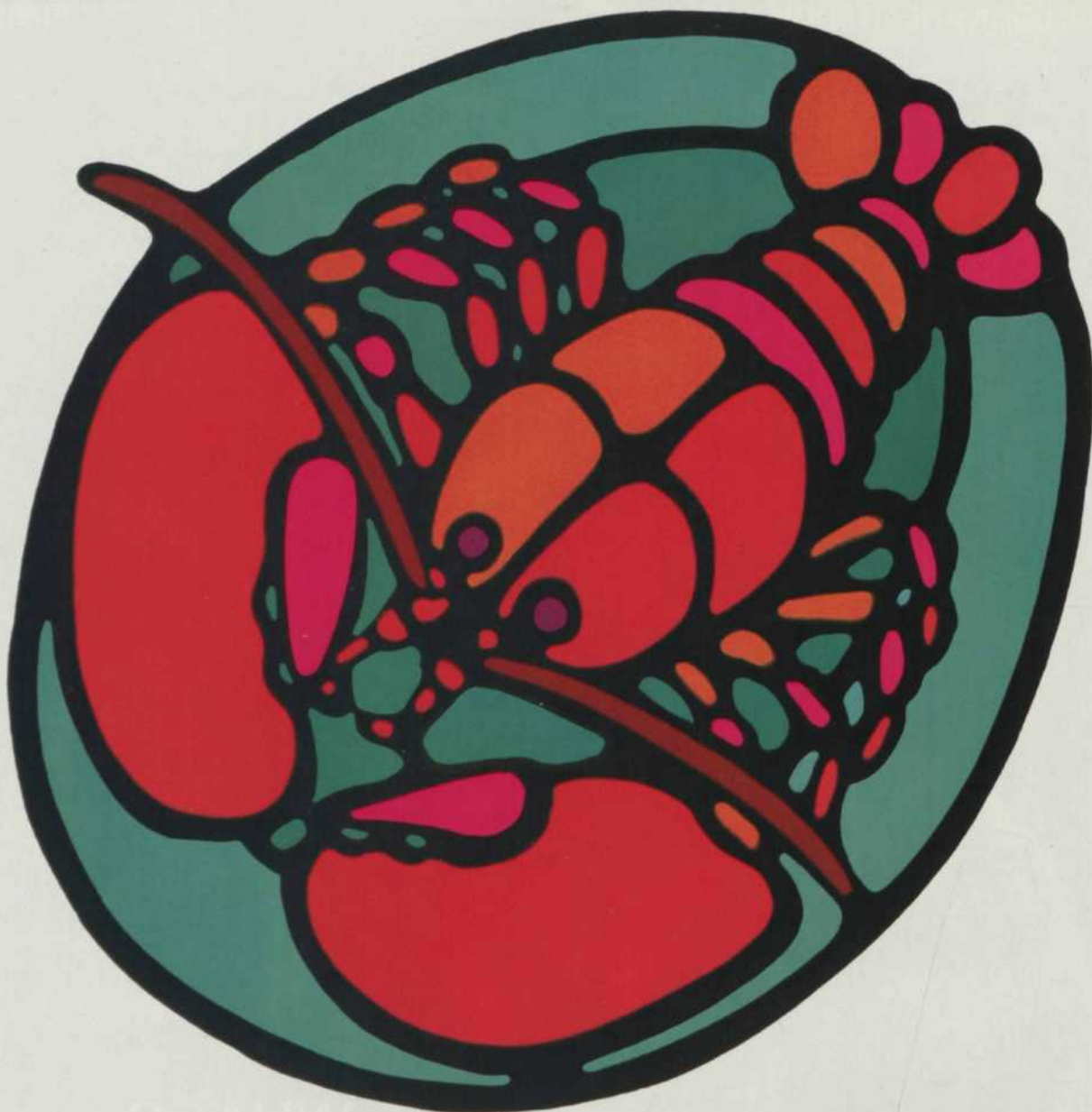
A USEFUL LOOK AHEAD FROM WASHINGTON

DECEMBER 1974

Nation's Business



WHAT'S
MOST
WANTED
BY NEW
FBI CHIEF



NCR helps restaurants pinch more pennies!

New NCR retail terminal systems help restaurants operate more profitably. Other NCR systems produce similar results in many different industries. NCR knows from years of experience what you need in electronic business systems to earn more profits. Of course, a good business system is more than a computer. NCR provides you with data terminals, peripherals and computers to help you run your business better. You get the help of NCR representatives who are trained in your industry and devote their efforts exclusively to your business. And over 18,000 field engineers provide worldwide service coverage for your NCR system. You're in good company with NCR, the complete systems company!

NCR
Complete Computer Systems



Diners Club vs. Diners Club.

These cards may look alike.

But the one on the right can make a significant difference in your company's cash flow — more important than ever in today's economy.

Read how and why.

The one on the left: an individual Diners Club card.

The one on the right: a corporate Diners Club card.

Why is that so important?

Because, if your employees are using their own charge cards for company expenses, you have a cash flow problem you don't need to have.

For example:

Suppose one of your employees spends \$80 entertaining important clients. And, because you don't have a company card, he puts the bill on his personal credit card.

Next day, he's reimbursed. Gets his \$80 back.

But his bill may take a month or more to come in.

In the meantime, he has the use of your \$80.

(Or, if he uses a cash advance instead of a credit card, he may have the use of your \$80 even longer.)

In effect, you've lent it to him. Interest-free. Instead of having the money on hand for other company expenses (or in the bank to earn money).

Consider, on the other hand, the corporate credit card.

Now things are different.

Your company is the one with the account.

When one of your people charges something, he doesn't get the bill. So he doesn't need to be reimbursed.

Instead, you keep your money on hand for the month or more.

The \$80. And maybe thousands more.

Other advantages of the corporate credit card.

It makes it much easier for you to control expense accounts.

Only you decide who gets one and who doesn't. For keeping the lid on unauthorized spending.

And a good deal of your bookkeeping is done for you. With just one bill coming in at the end of the month. Itemized to make it easy for you to spot anyone who may be overdoing it.

So much for Diners vs. Diners.

Now for Diners vs. other executive credit cards.

The difference between having a corporate credit card and not having one is essentially this: money.

And that, too, is the reason to select Diners Club over other corporate cards.

Other corporate cards charge up to \$20 for each employee.

Diners rates are as follows:

\$15 for the first or primary card.

\$7.50 for every card after that. No matter how few or how many.

For less money, you enjoy the security of knowing that your people will have credit at more places.

Because, around the world, Diners Club is honored at 75,000 more places than American Express.*

For more information, use the coupon below. Or, if you have more than 20 employees to be included in your corporate card program, call Jack Mayer, Director of Corporate Accounts, collect at (212) 245-1500.

*Figures based on direct comparison of latest published Diners Club and American Express directories.



DINERS CLUB

Executive service is our business

Mr. Jack Mayer, Director of Corporate Accounts 20-19-994
DINERS CLUB
10 Columbus Circle, New York, N.Y. 10019

Please send me information on the Diners Club Corporate Credit Card program.

Name _____

Company _____

Position _____

Address _____

City _____ State _____ Zip _____

Approximate number of employees to be included in your corporate card program _____

Nation's Business

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Cover photograph by Yoichi R. Okamoto

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SAVE ABOUT \$680 OPERATING COSTS. '75 CHEVY PICKUP VS. COMPARABLE '74.*



1975 C10 Half-Ton 350 V8 Fleetside Pickup

Based on GM Proving Grounds mileage tests and extended maintenance intervals for Chevy's best-selling 1975 pickup—projected through 50,000 miles.

Chevy is serious about truck economy. For 1975, Chevrolet has made meaningful advances designed to lower the costs of operating this C10 Pickup. Based on GM Proving Grounds mileage tests and new extended maintenance intervals, projected through 50,000 miles of driving, savings in operating costs can be as much as \$680 compared to last year's comparably-equipped model.

Let's look at this specific model: the popular C10 Half-Ton V8 Pickup.*

This is Chevy's best-selling pickup and it offers outstanding potential for lower costs of operation. Projected savings based on GM Proving Grounds tests are shown in the box at right. These savings, of course, will vary depending on equipment, loads, operating conditions, driving habits and the price of gasoline.

More miles per gallon definitely helps lower the cost of ownership.

Comparing this 1975 Chevy C10 Half-Ton Pickup* with its 1974 counterpart in the GM Proving Grounds City/Suburban Driving Schedule, the '75 Half-Ton, using unleaded gasoline, showed about a 14% reduction in fuel consumption over the '74 model using leaded fuel. As detailed in the box at right, this would amount to net savings of \$343 in 50,000 miles. Again, these savings will vary depending on equipment, loads, operating conditions and the price of gasoline.

* VEHICLES AND TEST DESCRIPTION

Comparisons are based on the following 1975 Chevrolet Half-Ton Pickup and its comparable 1974 model: C10 350 2-barrel V8 Fleetside Pickup, 8-foot box, under 6,001 GVW, equipped to comply with Federal emission standards, with Turbo Hydra-matic 3-speed transmission, 3.40:1 axle ratio, and L78-15 tires. Mileage tests were conducted in the GM Proving Grounds City/Suburban Driving Schedule at average speeds of 24 mph with 1.6 stops per mile. Test averages from three production '75 models were compared with test averages from three production '74 models. Test weights were 4,649 pounds for the '75s and 4,570 pounds for the '74s.

New extended maintenance intervals help reduce operating costs.

Compare maintenance costs for the same two pickups. Following the Maintenance Schedule for recommended service, this '75 C10 Half-Ton Pickup, using unleaded fuel, could save about \$337 on parts, lubricants and labor over the comparable '74 model, using leaded fuel, projected through 50,000 miles of driving. That's because this new '75 C10 model has a catalytic converter and High Energy Ignition and needs fewer scheduled changes for spark plugs, oil, and filters, needs fewer chassis lubes, and has no points or ignition condensers to replace.

PROJECTED LOWER OPERATING COSTS DURING 50,000 MILES

1975 Half-Ton 350 V8 Fleetside Pickup*

Increased miles per gallon

As tested in GM Proving Grounds City/Suburban Driving Schedule, this 1975 Chevy C10, using unleaded fuel, shows about a 14% reduction in fuel consumption over a comparable '74 model using leaded fuel. That's 700 fewer gallons in 50,000 miles. Cost figures could vary, depending on the price of leaded and unleaded fuel in local areas; however, at a price of 56¢ per gallon for unleaded fuel, allowing a one cent per gallon increase over leaded fuel as permitted by Federal regulations, this would represent a net savings of . . .

\$343

Extended maintenance intervals

Chevy compared scheduled maintenance costs for both '75 and '74 Half-Ton models, using recommendations from the 1975 Chevrolet Truck Series 10-30 Light-Duty Emission System Maintenance Schedule, current list prices for parts, and a figure of \$11 an hour for labor. Actual figures in various specific localities could be higher or lower. Projected through 50,000 miles, the savings in parts, lubricants and labor for this '75 model could add up to . . .

\$337

TOTAL PROJECTED LOWER OPERATING COSTS DURING 50,000 MILES

\$680

CHEVY TRUCKS

MEMO FROM THE EDITOR

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D.C. 20062

If you see J. Edgar Hoover looking over the new FBI chief's shoulder on our cover, it's not an illusion.

Director Clarence Kelley holds the memory of Mr. Hoover in high respect and was proud to have his picture made in front of a large photo of the Bureau's long-time boss.

The photo of Mr. Hoover is an enlargement of the one used on *Nation's Business*' cover in January, 1972. The legendary FBI director had given us the only full-length exclusive interview in his career. Incidentally, that photo will hang in the lobby of the new J. Edgar

executive interesting as well as informative. He's out to restore any lost popular respect for the Bureau.

We take a look at another kind of executive, or at least their works, in the article beginning on page 47.

There are thousands of skilled professionals working for you in the trade and professional associations you belong to.

Not only are many of these men and women unsung heroes, but a great number of their achievements also go unnoticed. We feel that you and the business community as a whole deserve to know the contributions being made to our country's progress through the investments you make in your associations.

So we asked them a while back to tell us what they're doing. At the National Chamber, of course, we are aware of many of these organizations' accomplishments, but we naturally couldn't know all of them despite the close cooperation between the Chamber and associations.

The response to our request was tremendous. Hundreds of associations gave us reports.

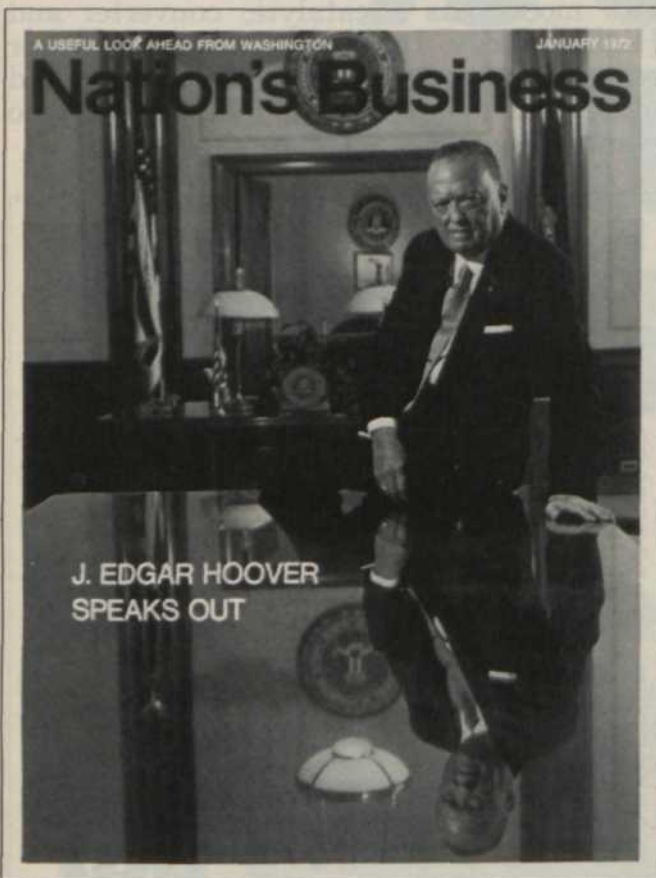
Unfortunately, there's just no way we could pass them all on to you, without printing an issue as big as a Christmas catalog. So we've just skimmed the top. If your association isn't mentioned we'd still bet it's doing quite a job for you.

Here's something to look forward to. Congress may finally approve an American Business Day, to pay tribute to business like Labor Day does to workers. The Senate has already passed, and the House will consider, a resolution authorizing and requesting the President to designate May 13, 1975, as the first "business day." May 13 is the date on which the first permanent English settlement in America—a private business venture—was founded at Jamestown in Virginia.

The drive for the day of recognition has been sparked by the Chamber of Commerce of the city of Harrisonburg and Rockingham County, Va., joined by many other chambers including the National Chamber.

May I be the first to wish you happy American Business Day.

Jack Woodbridge



Hoover Building here in Washington when it's completed. You can see the building pictured in our current cover article, which starts on page 30.

We think you'll find this interview with the new FBI

Introducing the new Allstate Businessowners Deluxe Policy.

If your insurance man
had a policy with as much protection
for the money—he would
have told you
about it.



The Allstate Businessowners Deluxe Policy is a new approach to protecting your business.

An approach so different, it gives you a lot more protection—for a lot less money than you'd expect.

Up to \$1,000,000 liability protection.

Unlimited business income loss protection. For up to 12 months. To cover you if your business is damaged or destroyed by an insured peril.

You get replacement cost protection for your business buildings, up to the limit of your policy. You select the proper limit. No coinsurance is required.

And the policy's been simplified. Written so you understand exactly what you're buying.

Doesn't it make good business sense to compare?

Buying something as important as business insurance should be based on more than a

pleasant business lunch. Or friendships. Or the fact that your agent is your brother-in-law's neighbor.

Who can give you more protection and service for your money? We believe Allstate can.

Comparing doesn't take much of your time. Because of the simplicity of our new policy, an Allstate Agent can give you an accurate quote in just fifteen minutes.

Call an Allstate Agent now and see if your business qualifies.

Allstate

You're in good hands.

Allstate Insurance Company

Available in most states. Permission applied for in others. Insurance not available in Alabama, D.C., Hawaii, Miss., N.C., S.C., Texas.

Things grow faster on Barbados. So why not plant your plant here.



If you're looking for a perfect plant site, you need look no further than Barbados.

Let's start with the simple things like the weather. Our climate is almost perfect all year round. Sunshine, blue skies, and the cooling trade winds.

Our people are warm and friendly, with a literacy rate of 98%. And by the way, English is our mother tongue. Our island is one of the most beautiful in the Caribbean. With every sport on land and sea imaginable. These things all serve to help industry.

But now let's get down to business.

There are eight fully-serviced and fully-equipped industrial parks on Barbados, not to mention an international airport served by nine of the world's largest airlines, and a deep-water harbour in Bridgetown.

Our communication systems are the finest in the Caribbean (both internal and external) and include worldwide cable and wireless connections.

And as added incentive, you pay no corporate income or trade tax for a long ten years. Plus no duties on the machinery or raw materials you need to produce your product for export.

Things do grow very fast on Barbados, especially industry.

BARBADOS INDUSTRIAL DEVELOPMENT CORPORATION

800 Second Avenue
New York 10017 (212) 867-6420

It sounds interesting. So tell me more. Please send me your free booklet, "Investing in Barbados."

Name _____
Title _____
Company _____
Product or Service _____
Company Address _____
City, State, Zip _____



NB-12

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EXECUTIVE TRENDS

BY JOHN COSTELLO
Associate Editor

Big year for Christmas loot

Companies will spend about \$444 million on gifts this year.

That's nearly 10 per cent more than in 1973. And last year's spending was up about 6 per cent over the year before.

Seems to be a new trend, says *Incentive Marketing*. From 1968 to 1973, companies spent less and less—in constant dollars.

Or so its annual survey of business gift-giving shows.

Food and liquor, it adds, rank high in popularity.

Each accounts for about 8 per cent of the total. Other gifts of all kinds—from ball-point pens to hand-painted decoys—account for the rest.

What items are big on the company shopping list?

Nieman-Marcus, Dallas, Texas, as usual, offers an exotic selection.

Like the silver, penguin-shaped ice bucket at \$450. That's empty. But the store will fill it with hand-chipped ice from the North Pole—for \$3,600 extra.

Most individual gifts are under \$25. That's all the Internal Revenue Service will let you deduct as a business expense.

Even at that price, you still have lots of choices.

For example, the International Pak, from The Wisconsin Cheeseman, Madison, Wisc. It's \$21.95 delivered and contains tasty treats from 17 countries—like Norwegian peeled shrimp, Italian smoked paté of trout, Portuguese rolled anchovies—plus 11 kinds of Wisconsin cheese.

Maybe the way to the customer's heart is through his tummy.

Not in the lodges

Only about one out of four belongs to a fraternal organization.

That's what a recent Standard & Poor's Corp. survey of top U.S. executives shows. By "top," it means the creme de la creme. Namely, presidents, board chairmen, chief executive officers and vice presidents, mainly, with big corporations.

Only some 15,500 executives, out of 60,000 surveyed, claimed membership in any lodge. Here are the 10 they named most often:

Organization	Members
1. Masons	10,199
2. Benevolent Protective Order of Elks	3,394
3. Knights of Columbus	941
4. Lions International	415
5. Knights of Pythias	199
6. Loyal Order of Moose	198
7. Independent Order of Odd Fellows	159
8. Order of Eastern Star	88
9. Fraternal Order of Eagles	58
10. Woodmen of the World	31

One, the Order of Eastern Star, is primarily for the ladies.

Otherwise, the fraternal scene is a you-know-who's world.

Science solves a riddle

Namely, why cocktail parties—almost everywhere—are alive and well.

BALLY

Walk-In Coolers and Freezers



Refrigerated Buildings



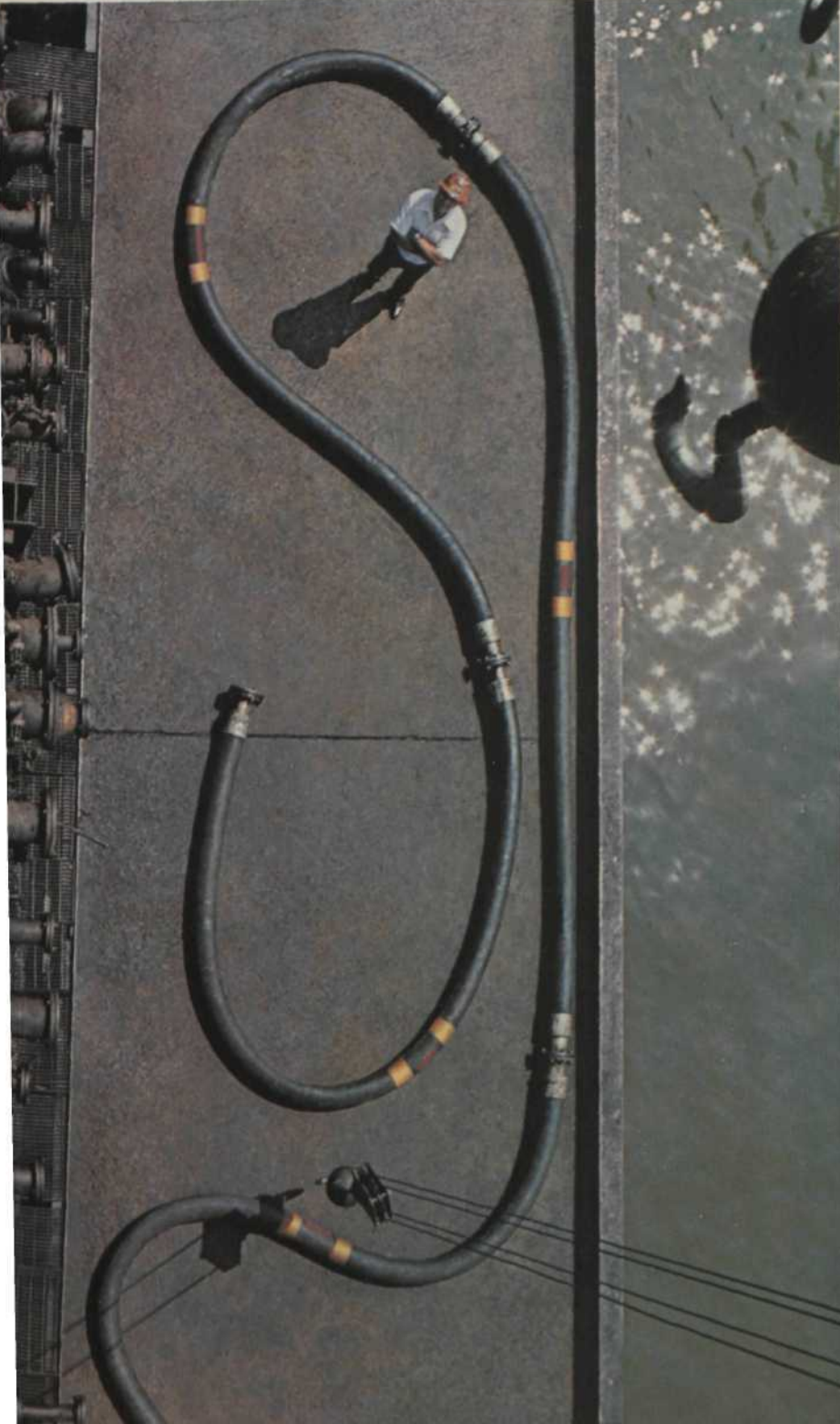
Assemble any size, for indoor or outdoor use, from standard modular panels • Fast to erect • Easy to enlarge • Simple to relocate • Low in cost • Subject to investment tax credit and fast depreciation

Refrigeration systems available for temperatures from 50°F. cooling down to minus 40°F. freezing. Write for 28-page brochure and wall sample. (Indicate: ☐ Walk-Ins ☐ Buildings.) Bally Case & Cooler, Inc., Bally, Pa. 19503

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Address All Correspondence to Dept. NB-12

Goodyear Flexsteel[®] dock hose moves easy in tight circles.



The big reason more and more dock hose users are turning to Goodyear Flexsteel is right there in its name. Flexibility.

Flexsteel hose allows you to operate with tighter bends and circles than conventionally built dock hose. That makes Flexsteel easier to work with.

Flexsteel hose is less susceptible to kinking, too. Its inner construction is a unique spiral design of steel cable to resist crushing and kinking.

The cover is oil and abrasion resistant. It'll take rough handling on the docks. And it's engineered to protect against accidental spillage. Fittings are designed to assure leakage resistance at high working pressures.

Before you buy another length of dock hose, ask a Goodyear Technical Man or your Goodyear distributor about Flexsteel hose. Or write to Goodyear, Box 52, Akron, Ohio 44309.

To keep things flexible on your docks, come to Goodyear.

GOODYEAR
INDUSTRIAL PRODUCTS

How do you the right place for your family and

The family man.

"Where shall we put our new plant?"

A seemingly simple question. Yet, it can tear a businessman in half. Can take a normal, well-adjusted executive and split him into two very different personalities.

On one side he's the "hard-facts" businessman. On the other, the "lifestyle-is-important" family man. And often their needs and objectives are not the same.

First, let's consider the family man. Because an increasing number of companies relocating to Pennsylvania give family life style as a major reason.

They mention:

"Uncrowded living." (Only 5 Pennsylvania cities have over 100,000 population.)

"Four distinctly different seasons."

"First-rate schools and colleges." (Among the best in the nation: 151 highly-rated colleges; 545 vocational-technical schools.)

"Just about every cultural activity."

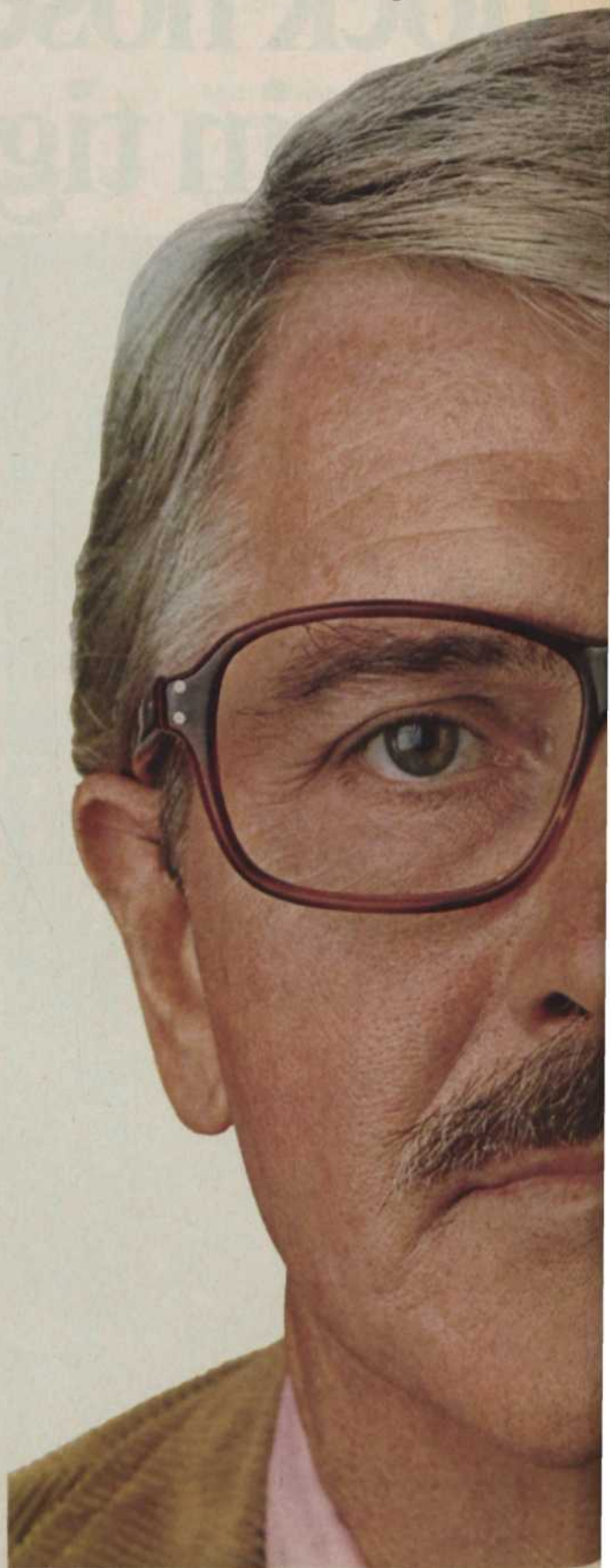
"Imagine, in this day and age half of the state is still forest!" (Including 86 state parks, that's right, 86.)

"I've hunted and fished all over the country, but I've seen nothing to beat Pennsylvania." (Over 2,336 miles of streams. 337 heavily stocked lakes and ponds.)

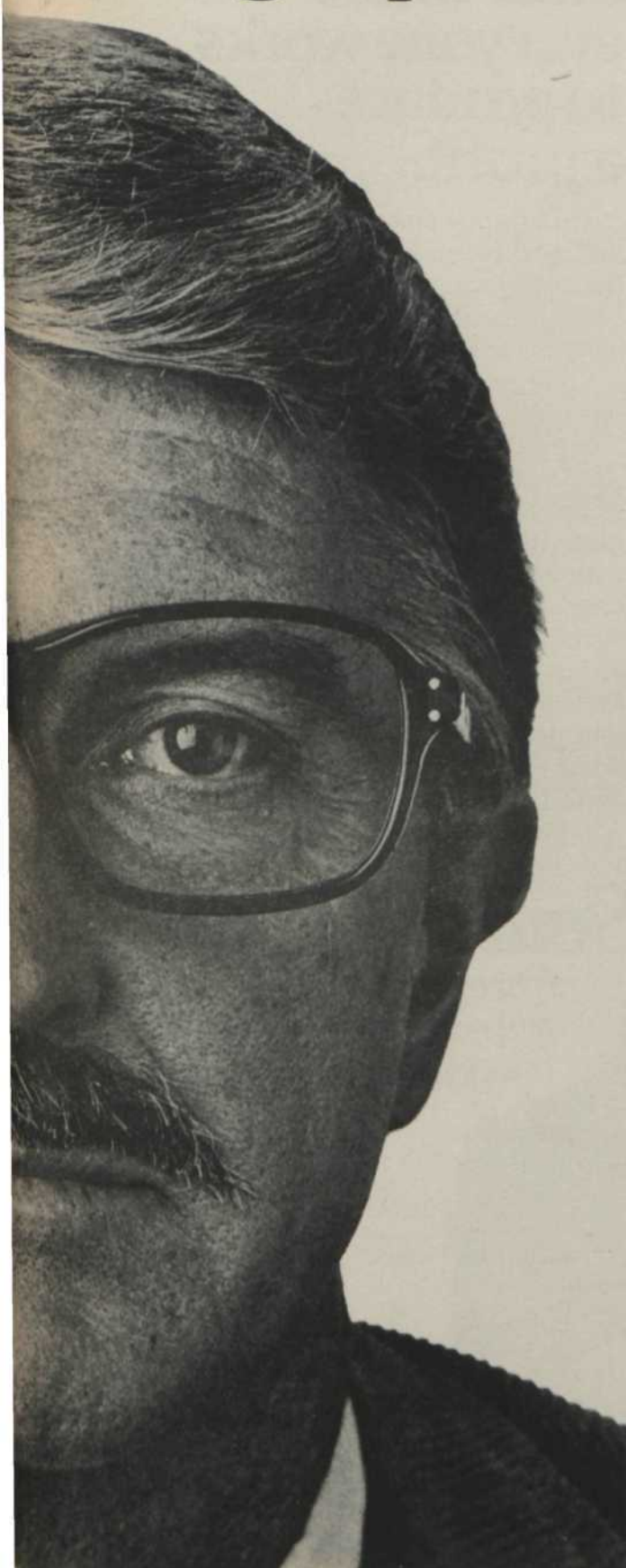
"A sports nut can wear himself out both doing and watching." (Camping, skiing, golf, plus major league and top college teams in just about every sport.)

"Instead of telling my kid about American history—he's right there."

For the family man there are few choices more logical than Pennsylvania.



choose between the right place for your factory?



The businessman.

"Sure I'm influenced by things like lifestyle, but my first consideration has to be the business reasons."

For the hard-nosed, pragmatic executive, here listed in unembellished black and white are the hard facts.

LOCATION: Easier access to more markets than any other state.

ENERGY: 80% of the State's power needs are supplied by its own coal.

RESOURCES: Well stocked with a wide range of vital minerals.

ABUNDANT WATER SUPPLY.

TRANSPORTATION AND DISTRIBUTION: An extensive road, rail and water network plus major national and international seaports.

FOUR INTERNATIONAL AIRPORTS: Evenly spaced across the State.

UP TO 100% FINANCING AT ABOUT HALF THE TRADITIONAL INTEREST RATES.

STABLE TAX STRUCTURE: Pennsylvania has already solved fiscal problems other states are only now encountering.

HIGHLY SKILLED LABOR: One of the nation's most highly trained labor forces.

SERVICE AFTER THE SALE: Every experienced businessman knows this can be the most important reason of all. That's why we want to assure you that once you've located in Pennsylvania, we won't forget about you. We'll do everything we can to help you. Everything possible to keep you happy with your choice.

Governor Milton J. Shapp

(a successful businessman before becoming Governor) has often commented: "Pennsylvania is a state so uniquely endowed by nature that the businessman can have a flourishing business without sacrificing a satisfying human environment."

Pennsylvania.



South Carolina is a Pro-Business State where everyone works to produce a profit.

Our government is pro-business and works at industrial development because responsible growth means better salaries, better benefits, and a better life for all South Carolinians.

We have a right-to-work law that our government stands behind. Our industrial workers do, too. That's why we have one of the lowest work stoppage rates in America. Our productivity rate is as far above the national average as our work stoppage rate is below it.

If you're thinking of re-locating or expanding your industry, our State Development Board is ready to help introduce you to all the benefits of doing business in South Carolina. You'll find we're a good place to make a living and a better place to spend your life.

South Carolina

Where good business
and good government
work hand in hand



Find out why we're a good place for your
industry to do business. Write or call:

Mr. Milton Folds, Director South Carolina State Development Board
P.O. Box 927, Department 3D, Columbia, South Carolina 29201
Telephone 803-758-3145

No, it's not booze. It's togetherness, report two Purdue University researchers, Prof. Richard Heslin, psychologist, and Joan Marshall, graduate student.

They took 284 college students, half of them young men and the others young women, and let 'em mingle. Some were small groups—four people; others were larger—16. In each case, the group was either all-male, all-female or coed.

Then, they worked together on a little assignment—stringing small phrases into paragraphs.

Some groups worked in a "crowd." They had only four square feet of space per student. Others got 17.

How, the researchers asked, did you like it?

Men's first choice: A large, crowded group with lots of women.

The women's first choice: A large, crowded group with lots of men.

Prof. Heslin's conclusion: If the boss wants to boost employee morale, have a fairly large, crowded group of men and women do the work together.

But don't serve drinks.

So you make the big decisions

Most husbands do.

Like: Should we recognize Red China?

Give \$2.2 billion worth of arms to Israel?

Clean the lampreys out of Lake Erie?

Whereas wives, the old chestnut claims, make the little decisions.

Like, what school the kids go to.

What house to buy.

Or where to spend the family vacation.

Well, R.H. Bruskin Associates, New Brunswick, N.J., market researchers, have put that myth to the test. The firm took a poll that tends both to prove and disprove it.

For example, the study shows this:

- Buying a new car. In 65 per cent of all families, the husband casts the deciding vote. In 22 per cent, it's the wife, and in 13 per cent it's a joint decision.

- Getting a new TV set. Again it's Pop (48 per cent to 32 per cent) who prevails.

- Going on vacation. Mom usually goes along with his decision (36 per cent to 34).

- Taking in a movie. She's boss—47 per cent to his 34.

- Watching TV. Forty-four per cent of the time, she turns the knob—to his 40 per cent.

However, the poll was taken in the summer.

Football started in the fall.

Got a yen for yuan?

Then open up a bank account in mainland China.

No sweat, says the National Council for U.S.-China Trade.

One American did it in less than 15 minutes.

All that it takes—at any Bank of China branch—is a deposit and a signature card.

Sorry, no interest or checks.

Withdrawals must be made in person, by letter or authorized agent.

Still, a Chinese bank account's a handy thing to have, says the Council, if you do business with the People's Republic.

For example, it:

- Saves carting around a bundle of bills. The yuan's about two to the U.S. \$1.

- Gives you a backup bankroll, if you're there for a long stay.

- Makes it easier to transfer funds from your U.S. bank.

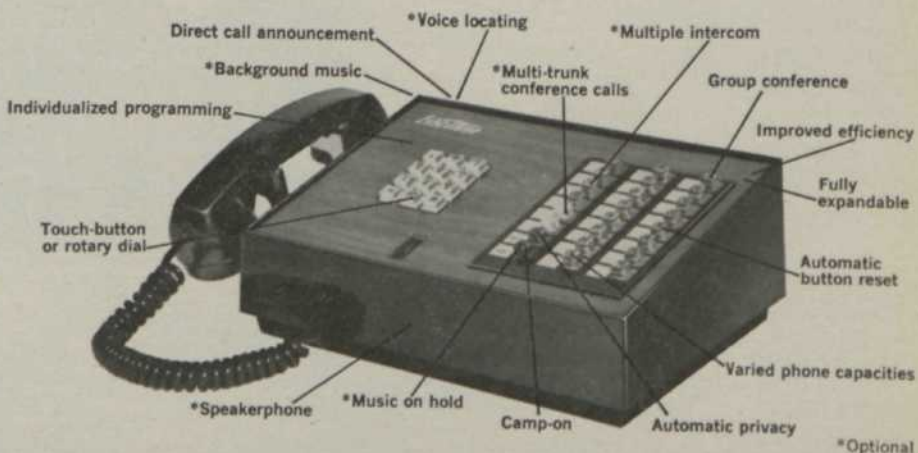
Of course, trade with mainland China's a trickle now.

In 1973, it spent \$740 million here, and we spent \$64 million there.

But, says a book published by the American Enterprise Institute for Public Policy Research, that's going to change.

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The Macaroni Congresses

It is a fair rule of politics that the victor gets the spoils. But it often is an unfair rule of politics that the victor also gets the blame. Because of this second rule, the Republicans got clobbered in the November election.

The Grand Old Party lost three seats in the Senate, 40-plus seats in the House, and most of the Governorships. At lower levels of public office the pattern was the same. The losses hardly reached the magnitude of a catastrophe, and the outcome does not portend the death of the Republican Party. But as a political achievement, it was nothing much to write home about, either.

Why did it happen? One contributing factor, of course, was Watergate, for which the Republicans cannot duck the blame; the Committee for the Reelection of the President, after all, was a committee for the reelection of *their* President, and the leaching dye of scandal stains a whole wash. Another factor was President Ford's untimely pardon of Richard Nixon, which robbed the Republican campaign of both unity and momentum. A major factor, demanding our most sober thought, was the apathy of the turned-off voters; an estimated 145 million men and women were eligible to vote, but it appears that only 38 per cent of them bothered to go to the polls.

Many other factors also played a part. The dispirited Republicans let 60 House seats go by default. In many state and local contests, personalities were far more important than national issues. G.O.P. candidates found it hard to raise campaign funds. Plenty of reasons can be cited.

The overriding cause was the state of the economy, and it was here that the unfair rule of politics came into play. In any rational view of the national malaise, the Republicans are no more to blame for the tides of inflation than they are to blame for the tides of Passamaquoddy. The economic sickness is world-wide; its diagnosis is infinitely complex, and the cure will be neither short nor simple.

No force has contributed more to inflation, in terms of our domestic economy, than the recurring deficits of the federal government. The loose practice is to look back to the 1968 deficit of \$25.2 billion and term it a "Johnson deficit," or to deplore the 1972 deficit of \$23.2 billion as a "Nixon deficit." The gentleman in the White House—and by extension, the gentleman's political party—always gets the blame. This is grossly unfair.

These recurring deficits, amounting to more than \$100 billion over the past 10 years, were not Presidential deficits. They were Congressional deficits. To the limited extent that party responsibility can be fixed, it is the Democrats who must bear it: They have dominated the committees on appropriations, finance, and ways and means for two decades. Because we do not have party government, in the sense that the British have party government, it is an oversimplification to lay the responsibility on the Democrats alone. The fiscal policies that produced the deficits were supported as cheerfully by one party as by the other. The decisions were Congressional decisions. No one at the White House duped or misled the House and Senate. The cold, uncom-

fortable figures were there all the time. If there had been desire on Capitol Hill to raise revenues or to reduce spending, the machinery was at hand to accomplish these ends. The machinery never was used.

Will the machinery be put to work now? Will Congress take significant steps toward a closer balancing of the budget? When that day comes, fish will fly and birds will swim. President Ford may be ready to bite the bullet, but Congress is not yet prepared to bite anything tougher than macaroni. Mr. Ford's modest little proposal for a 5 per cent surcharge on certain income taxes, intended to pay for make-work programs of public employment, was greeted with cries of indignation and dismay. A President proposes; the Congress disposes. And this Congress is not disposed toward austerity.

Some months ago, a group of House conservatives led by Jack F. Kemp of New York compiled a staggering table of 450 proposals then before Congress. If all the proposals had been adopted, according to their calculations, the cost to the taxpayers over four fiscal years would have totaled \$871 billion. To be precise: \$871,363,307,000. The bills ranged from a Forestry Incentives Act, with a price tag of \$100 million, to the Small Communities Planning, Development and Training Act, at a tidy \$24 billion. Members of Congress had introduced bills to promote educational equity for women (\$80 million), to establish an Asian Studies Institute (\$75 million), to establish Big Thicket National Preserve in Texas (\$71 million) and to subsidize the removal of abandoned auto-

The Macaroni Congresses *continued*

mobiles (\$152 million). Still other members proposed establishing national holidays honoring the births of John F. Kennedy and Martin Luther King, at a quadrennial cost of \$400 million each.

Individually, some of the spending proposals may have had merit. Collectively they spoke eloquently of a Congressional attitude toward the public purse. This attitude is in part a legacy of the notion that continues to dominate much liberal thought—that any social problem can be solved if only a little more money is spent on it. In part the attitude stems from the sheer magnitude of the sums involved. It is an intoxicating experience to deal with a billion dollars here and a billion dollars there. The figures cease to have meaning.

The attitude is further encouraged by a certain remoteness and diffusion in the fiscal process. It is one thing to sit in a small town's city council, with the taxpayers 10 feet away; it is quite a different matter to sit in a chamber of 435 members, with the taxpayers you represent safely distant by perhaps 3,000 miles.

These observations do not wholly explain the mountainous deficits that have piled up in recent years. The taxing and spending policies decreed by Congress are a pretty fair reflection of the taxing and spending policies desired by the pressure groups and lobbies that have the greatest clout. It is a terrible thing to say, but the people generally get about the kind of government they deserve. Those who make irresponsible demands have little right to complain if their demands are met irresponsibly.

This has been the pattern for longer than most newsmen can remember. No war ever has been paid for out of pocket, and the war in Viet Nam followed in this expensive tradition. All the same, the deficits could have been greatly reduced if Congress had raised taxes and reduced nonmilitary outlays. On the contrary, taxes were actually lowered

and nonmilitary outlays were greatly increased. Congress was in no humor to impose unpopular measures in order to ease the inflationary impact of an unpopular war. The people indicated no hunger for austerity. The printing presses rolled; the debt went up and the dollar declined.

If Congress today were seriously interested in reducing federal spending, the better to provide a high example of bullet-biting, Congress would look seriously at such programs as Social Security and the food stamp racket.

Is Social Security "untouchable?" Doubtless it is today, but a prediction is in order: If Congress fails to act within the next few years to bring the illusions of Social Security into line with reality, we will see a political explosion that will blow the system sky-high. Young men and women entering the labor force in the 1970s are not stupid. Vast sums have been spent on their education, with the result that many of them can read, write and do their numbers. They are bound to recognize Social Security as a fraud so massive that its sponsors, if they operated in the private sector, would be hustled off to prison. These young workers eventually will rebel against the system. If they are to be heavily taxed in the name of "insurance," they will demand a system that pays benefits in the fashion of other insurance.

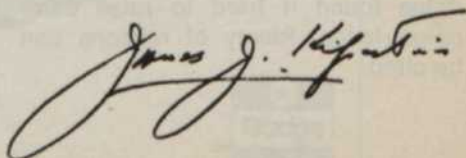
The food stamp racket seems to be equally untouchable right now, but this too will have to be coldly reexamined. When the program came into being in 1964, some 367,000 recipients qualified for benefits costing \$26 million. In the coming fiscal year, 16 million persons will get stamps costing \$3 billion. By 1977, according to Congresswoman Martha Griffiths, 60 million persons may be eligible. The program long since has soared past any humanitarian justification. It has become a swelling infection in our political process, and it is deeply resented.

Before its October adjournment,

Congress had two or three significant opportunities to demonstrate its zeal, if any, for reduction of federal spending. There was a bill for foreign military and economic aid that could have been, and should have been, whacked to the bone; it was passed with plenty of fat. There was a Presidential request to postpone a federal pay raise for three months, at a saving of \$700 million; the Senate would not postpone. Mr. Ford vetoed a railroad retirement bill that carries a \$7 billion price tag over the next 25 years; both chambers voted overwhelmingly to override the veto.

A good case could be made for each of these measures. The complex situation as to railroad retirement had particular appeal. But some special interest can make a good case for most taxing and spending proposals introduced on the Hill. Business people make a good case for tax breaks that encourage investment. The health and education people argue plausibly that their needs must never be neglected. In the recent election, organized labor spent millions to promote the campaigns of candidates who would vote for the spending programs desired by labor. The pressures applied to Congress come from every quarter, and the pressures add up to this: Tax less and spend more. It is a curious way to combat inflation.

The realistic prospect is that things will get worse before they get any better. The 94th Congress, convening in January, will be another macaroni Congress. The new Budget Reform Act may provide some moderating influence. President Ford's leadership may command increasing popular support. But the probabilities are strong that our country will be deep in double-digit inflation for many months to come. Under the rules of the game, this will be known as "the Ford recession." Don't ever let anyone tell you the rules make sense.



10 ways to give your small business a fighting chance against inflation and other perils.

You want your business to be profitable, and so do we. To help, we've made a list of 10 essential things every small business owner needs to know about in these complicated times. Our thinking's free of charge, because we believe that helping you protect your financial future means better business for us both. Simply check the ones you'd like to hear more about and send this page, along with your name and address, to Phoenix Mutual, One American Row, Hartford, Conn. 06115.

1. Business valuation: If you haven't taken steps to establish a value for your business, there will come a time when the Internal Revenue Service will do it for you.

2. Accumulated earnings tax: This specialized 27.5% tax can really hurt a small business. If you don't know what it is or when it applies, you should.

3. Stock attribution rules: If you're in business with relatives, stock transactions can be complicated. A wrong move can destroy your plans.

4. Incorporation: It's surprising how many businesses that should be incorporated aren't. Incorporation could save you a lot of money.

5. Employee benefit and incentive plans: In today's marketplace, you have to compete with other companies. For employees. Without good benefit and incentive plans like pensions and profit sharing, you're not really competitive.

6. Tax shelters for you and key employees: Everyone talks about oil depletions and cattle ranches, but the more practical tax shelters are a lot closer to home.

7. Salary/wage continuation: In unsettled economic times, deferring compensation can provide current tax savings as well as protection against inflation.

8. Disability protection, including overhead expenses: If you're suddenly disabled, certain business expenses will have to continue. You need protection.

9. Stock redemption plans: At least one personal tax bill can be picked up by your business. It's worth looking into.

10. Your personal estate conservation: Sometimes you can be so busy making your small business a success, you don't have the time or the energy to do the same with your personal financial planning.



PHOENIX MUTUAL PICK OUR BRAINS

WHAT READERS WANT TO KNOW

Is it true the Washington courts have outlawed the traditional Christmas Pageant of Peace on the Ellipse behind the White House?

Yes and no. The U.S. Court of Appeals in 1973 ruled that the Nativity scene in the pageant represented "excessive government entanglement with religion" and ordered it discontinued.

But a group of people, calling themselves the American Christian Heritage Association, immediately organized for the purpose of continuing the Nativity scene as part of the pageant festivities. The National Park Service granted the group a permit in 1973 to erect a Nativity scene near the pageant site, and another permit has been approved for this year's Christmas celebration.

Interestingly, the group won approval for its effort by falling back on the First Amendment to the Con-

stitution—which guarantees the right of peaceable assembly, in addition to barring federal laws establishing a religion or prohibiting its free exercise.

Was the G.O.P.'s loss of more than 40 House seats in the recent voting the greatest ever suffered by the party in power in an off-year election?

It was a big one, but by no means the biggest. Dr. Pierre Purves, director of statistical research for the Republican Congressional Committee, has gone back over the record since 1858 and found the norm for Administration-party loss of House seats in years when the Presidency is not at stake has been 38. The figure is an average of the average Democratic losses (41) and Republican losses (35) in these years.

The biggest turnover occurred in 1894 during the second Presidency

of Democrat Grover Cleveland. Democrats lost 116 seats and Republicans gained 120 (picking up four independent seats in the process).

How much does the United States contribute financially to the United Nations, and are we paying more than our fair share?

Of the \$11.8 billion spent by the UN since its inception, Uncle Sam has anted up about \$4.7 billion—or nearly 40 per cent. We're not getting hit so disproportionately hard these days, with our share now running about 25 per cent. Still, we pay twice as much as any other country.

The Soviet Union and France, both members of the elite Security Council, aren't even keeping up with their payments. The Russians owe \$110 million and the French \$22.4 million.

For all its financial contributions, the United States still has only a single vote in the Security Council. More than that, it has only a single vote in the General Assembly—where most of the 138 member nations have populations smaller than New York City's. Collectively, they pay less than 5 per cent of the UN budget.

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I thought there were laws against tampering with the weather. Now I read that isn't so. What's the story?

Actually, there are no federal laws against weather modification.

However, since 1971, the federal government has required that any projects of this kind, such as "seeding" clouds to produce rain or using chemicals to dissipate fog, must be reported to the National Oceanic and Atmospheric Administration, which includes the National Weather Service.

NOAA is the only central source of weather modification information in the country.

About two thirds of the states have laws permitting weather modification in varying degrees.

According to NOAA, research in weather modification is being carried out by municipalities, educational institutions, scientific organizations, airports, commercial firms and others.

Return Prayer to the Public Schools?

In the 12½ years since prayers were first banned by the U.S. Supreme Court from America's public schools, the controversy over whether the ban should be allowed to stand has never died down.

A number of resolutions to amend the Constitution—a flood of 149 during one session—have been proposed in Congress to overcome the original decision and related decisions of the Court in subsequent years. None of the attempts have gotten very far, although one series of House of Representatives committee hearings on the subject lasted six weeks.

The Republican Party platform for the 1972 elections advocated restoration of the right to pray. But the proposal was not vigorously pushed.

Senators and Representatives periodically

receive heavy volumes of mail for and against permitting prayer in public schools. Many proponents write in to make such arguments as: "The government has no right to exclude God from schools." But opponents often write that prayers should be no concern of government—not even if the prayers are non-denominational and students are permitted to skip them if they wish.

Ideological labeling can be dangerous but, broadly speaking, "liberals" oppose prayers in classrooms while "conservatives" favor the right to have them.

On the one hand, it's argued that prescribing prayers in public schools is a violation of the principle of separation of church and state. The Constitution, it's contended, forbids use of tax funds—which every public

school receives—to promote religious observance. It's also argued that no matter how voluntary school prayers are supposed to be, if they are given a youngster who doesn't wish to join in will feel pressured to do so.

On the other side, it's pointed out that there has been no legal ban against evidences of religious faith in many aspects of government—for example, in oaths taken by officials, in wording on currency ("in God we trust") and in the existence of chaplains for the House and Senate. And it's noted that from the days of the Founding Fathers onward, large numbers of public servants, including Presidents, have identified with one church or another and have invoked Divine help in speeches.

Should prayer be allowed in public schools? What do you think?

PLEASE USE FORM BELOW FOR REPLY

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20062

Should prayer be allowed in public schools?

☐ Yes ☐ No

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SOUND OFF RESPONSE

The Anthem That Is Still Hailed So Proudly

"The Star-Spangled Banner" should not only continue to wave o'er the land of the free but should continue to be played and sung as its national anthem.

That's the stand taken by a big majority of the *Nation's Business* readers responding to October's



Change the anthem? "Absolutely not," says James R. Allen, executive vice president of Research Products Co., Kansas City, Kans. "Tradition breeds stability."

"Sound Off to the Editor" question, "Should We Have a New National Anthem?"

The official designation in 1931 of "The Star-Spangled Banner" as our national song has been the subject of simmering controversy for years, and it's a matter which is drawing more attention now with the approach of the American Revolution bicentennial observance—which will see a sharp upswing in the number of events at which the anthem will be sung as well as played.

Readers opposing a change outnumber those advocating it by a two-to-one margin.

Generally, those favoring retention of "The Star-Spangled Banner" as the national anthem do so on grounds of tradition and of strong emotions generated by the familiar strains. They reject as unimportant arguments that the song is too difficult for the average voice and that its music's origins in an old English drinking ballad make it unsuited for its current official status.

On the other hand, advocates of change say we should have a "more singable" anthem, or that the words of the first verse—the only one usually sung—are too warlike and do not

recognize the nation's greatness in many peaceful areas. A majority of the minority favor "America the Beautiful" as the new anthem, with "God Bless America" the second choice.

But there is no thought of any substitutes among readers typified by Thomas A. Ligon, vice president, Epes Transportation System, Richmond, Va. The present anthem, he says, "runs chills down my spine when it's played. I love it. Don't change it—ever."

Ruth E. Beutell, president, Key Escrow Services, Inc., Salem, Oregon, describes herself as "one of those who is thrilled by 'The Star-Spangled Banner'—even though it is impossible for me to sing it correctly." She also expresses a viewpoint widely shared by opponents of change: "We in America have had to give up so much of the old, the very things that are the foundation of our country; let us not discard this, too."

J.E. Pattillo Jr., senior vice president, Drilling Tools, Inc., Houston, Texas, says he isn't at all concerned about the anthem's musical origins. "Life is full of elegant people and



Senior Vice President George E.B. King of Burns International Security Services, Inc., Oakland, Calif., says our national anthem should be "America the Beautiful."

things of dubious origin," he writes. "The music and the stirring and dramatic words make it a national anthem respected throughout the world."

A poll of top executives at the truck engineering unit of International Harvester Co., Ft. Wayne, Ind., shows overwhelming opposition to



It's doubtful that our present anthem could be improved upon, writes Russell H. Perry, chairman, Republic Financial Services, Inc., Dallas, Texas.

a substitute for our present anthem.

And so does one taken among the employees of Frank's Supply Co., Inc., Albuquerque, N. Mex., whose president, Frank R. Deaver, reports the results with a plea that "our country's traditions be left alone."

On the other side of the issue, Wayne Sargent, president and publisher, Banner Publishing Co., Nashville, Tenn., comments: "You wouldn't be taking the poll if it were not fairly obvious that our current anthem is simply a very difficult, ungainly piece of music with a bad melodic line. . . . Such difficulty is inhibiting, thereby self-defeating."

Noting that "The Star-Spangled Banner" was "born in war and has a war theme," Robert T. Sheen, chairman, Milton Roy Co., St. Petersburg, Fla., writes: "As a nation dedicated to being a leader and bringing peace to the world, we should change our national anthem to so reflect."

Rollie Haynes, financial planning development manager, Sentry Insurance Co., Stevens Point, Wisc., votes for "America the Beautiful" as an anthem that would be "emblematic of our peaceful orientation and frontier heritage."

But Pierre Hjartberg, executive director of the Chamber of Commerce of the New Orleans Area, sees the present anthem as one that "stirs Americans everywhere. I think it distinctive and beautiful." At the same time, he suggests rewriting portions of the words to make them more representative of all that the nation stands for.

**Remember when neighbors
used to help neighbors?
There's a country
where they still do.**



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We're Headed for a Metals Crunch

America's independence
has changed to dependence
in a vital area

A year ago this month—after repeated warnings that energy shortages were ahead—millions of Americans were having to line up in their cars to buy gasoline. Today, warnings are in the air again, not about gasoline, but about equally vital supplies of metals and other minerals.

As 1974 fades away, America is not yet at the crisis point. But in the opinion of many specialists in industry and government, the country may face severe shortages and disruptions of supplies in as little as five years.

Americans are accustomed to hearing that while they comprise 6 per cent of the world's population, they consume 32 per cent of its energy. It's less well-known that they consume nearly 40 per cent of all metals and other nonenergy minerals used. Once, as in the case of oil, America itself produced practically all it needed of most such materials. But now, again as in the case of oil, U.S. supplies are increasingly at the mercy of foreign sources.

It's difficult, if you're in the U.S., to judge how intense are feelings abroad that America should not continue using an average of 20,000 pounds per capita per year of new supplies of these materials.

There are now an estimated 3.7 billion people in the world and the

United Nations expects that figure to go to nearly 6.5 billion by 2000 A.D. Materials to supply the added population must come largely out of the American share because new sources and substitutes cannot be found, funded and developed as fast as the population increases.

Political leaders abroad are infuriated when they read, as they did recently in a U.S. Geological Survey report, that: "During the lifetime of persons now living—assuming no change in the present per capita rate of consumption—the nation will use more of . . . [iron and aluminum ores, copper, sand and gravel, oil and water] than it has in all of its previous history."

The Shah of Iran, normally a good friend of the U.S. and a prime customer for American military and commercial goods, summed up much foreign sentiment after he had led the way in a 300 per cent oil price increase when he said: "Copper is next."

He noted that although the U.S. is the world's largest producer of copper, it nevertheless imports the red metal.

The U.S. is so dependent on the remainder of the world for metals and other materials that it imports 75 to 100 per cent of its platinum,

mica, chrome, strontium, cobalt, tantalum, thorium, columbium, manganese, asbestos, bauxite, diamonds, quartz crystal, rutile titanium ore, tin, bismuth, fluorine and nickel.

Further, it imports half or more of its potassium, silver, gold, tungsten, zinc, cadmium, beryllium, antimony, mercury and barium.

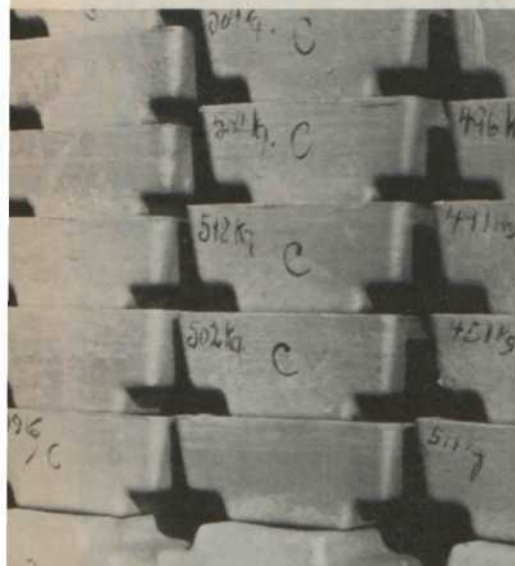
You may be unfamiliar with some of these, but each is needed to sustain the way of life Americans demand.

For instance, mercury is used in electrical apparatus; strontium, in color television tubes; and tantalum, in electronic components. Jet engines and missiles contain titanium, and beryllium is the metal in nuclear reactors. Antimony is used in transportation equipment, and cadmium, for electroplating parts for motor vehicles, appliances and industrial machinery.

The danger of relying too heavily on imports isn't the only problem that worries government and industry executives. Others include:

Inflated costs of opening new mines, and establishing or expanding plants; unnecessary government involvement; failure to rapidly locate substitute supplies; reduction of strategic stockpiles for political purposes; increasing competition for

We're Headed for a Metals Crunch *continued*



The U.S. gets most of its aluminum (left) from bauxite mined abroad, but most of its copper is produced at home, primarily in the West. What you see above is copper rod being fabricated.

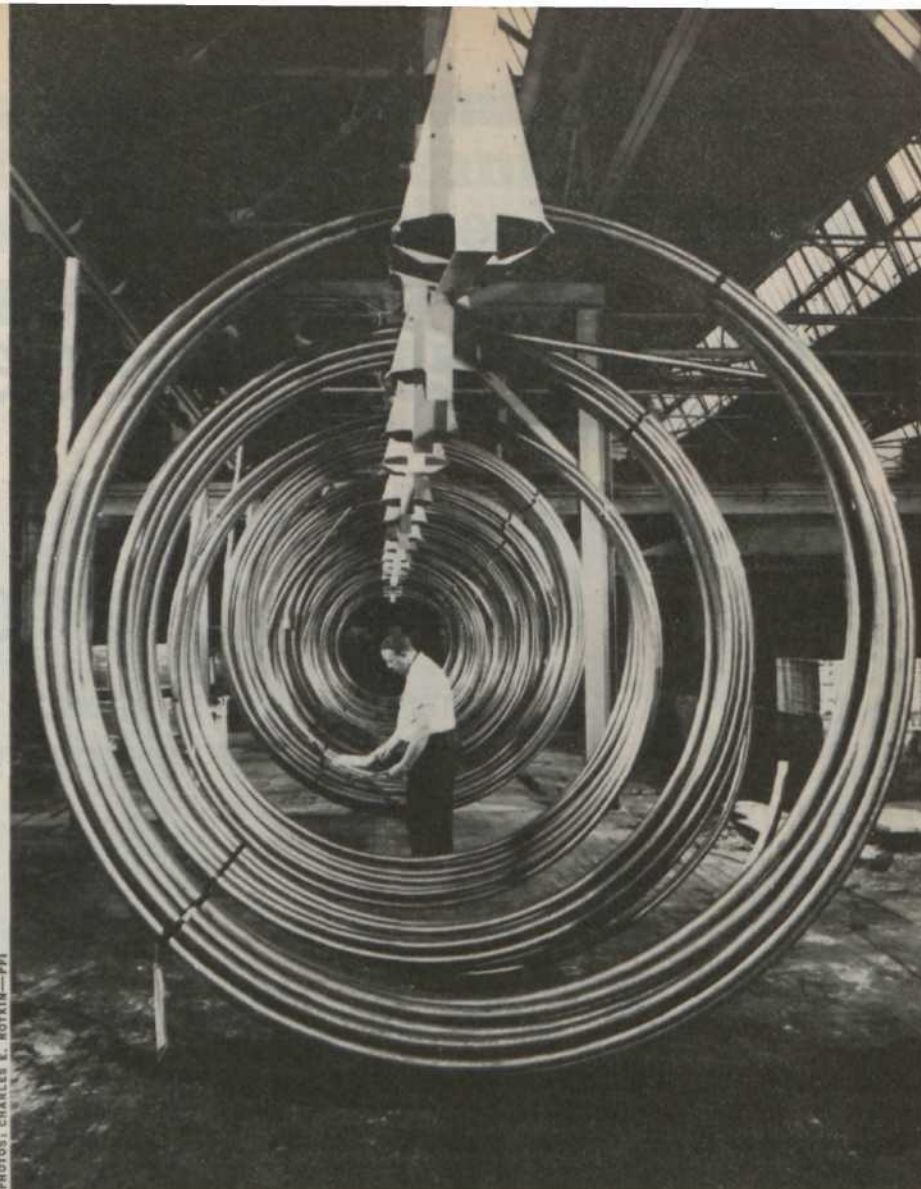


PHOTO: CHARLES E. ROTHEN—PFI

supplies by developing nations; the fact that many minerals and metals are found only in politically unreliable, or overtly unfriendly, countries; nationalization of resources and companies abroad; and the grouping of foreign countries into cartels to control supplies, increase prices and hamstring American efforts at extraction.

Still another great problem is the high cost of recycling materials for reuse.

Dr. Richard W. Roberts, director of the federal government's National Bureau of Standards, compares the U.S. to the housewife who must serve leftovers on Mondays. "Like her, we must take stock of what we have and attempt to reuse and recycle whenever and wherever possible," he says.

There are plenty of opportunities. In 1971, for example, the U.S. pro-

duced four billion metric tons of solid waste and spent \$6 billion disposing of it. Much of that "junk" is reusable.

"It's estimated that automobile hulks strewn across the country contain \$1 billion worth of reusable metals," Dr. Roberts says. Each car holds about \$60 worth of metals, not counting excellent lead in batteries.

Arthur Reef, a vice president of AMAX, Inc., deplors the fact that secondary recovery efforts—the reopening of low-yield or nearly worked-out mines to get the remaining ores—aren't more extensive. Two hundred years ago, he notes, copper was extensively mined in New England but the mines were closed when the payout dropped. Happily, he says, one mine has been reopened in Maine and copper is coming out at a slow but profitable rate. Many

secondary efforts, however, have been abandoned at all sorts of mines in the U.S. because companies found they were spending a dime to get a penny's worth of metal.

Secretary of the Interior Rogers C.B. Morton is the nation's top watchdog over supplies of metals and other minerals, and he warns that "if you look at the historical growth curve and at the demands we foresee, there is an opportunity downstream for specific shortages to develop." He points to the possibility of shortages in materials "that are the most essential."

Some materials are needed in small quantities, but those quantities are vital, he says, pointing specifically, in an interview with *NATION'S BUSINESS*, to manganese—"If you don't have any you have to revamp the whole steel industry." Fortunately-

ly, there's a lot of manganese in the world. Unfortunately, the U.S. supplies only 1 per cent of its needs.

Secretary Morton wants the U.S. to speed development of low-grade mineral supplies that exist within its borders, and he specifically mentions that Georgia has aluminum clays.

Scientists and industry executives add that large deposits of other possible aluminum sources, such as anorthosite, alunite and dawsonite, also exist in the U.S. If these alternatives to bauxite are utilized the U.S. could drastically reduce its 92 per cent dependence on imported sources for aluminum.

In addition, the U.S. has other underdeveloped resources, including abundant taconite and low-grade tin deposits. Also, nodules on the ocean

PHOTO: JACK FIELDS—PHOTO RESEARCHERS



Two thirds of Free World gold production is in South Africa.

inventories, but they have not been voted into law. Meanwhile, nostalgic references are made to a Truman Administration creation of nearly 25 years ago, the high-level Materials Policy Commission under William S. Paley, which listed resources and looked into potentials and future needs.

Secretary Morton believes industry and government can cooperate to avert shortages. "Government must work with industry to produce certain items," he says. "We have been working together in recycling. We have been involved in low-grade ores research. I think the government can lead in terms of policy and economic incentives. But technology is going to come from industry."

In the metals industry, questions like this are often raised: "We're O.K. for supplies of chrome and platinum and other metals right now because of détente with the Soviets, who sell to us. But, what if we get into a war? Or what if the South Africans, Rhodesians, Peruvians and Chileans, who also supply us with metals, cool off on us?"

All our platinum comes from the Soviet Union and South Africa. As for chrome, American civil rights groups have been trying to stop trade in this metal with South Africa and Rhodesia because of racial suppression there.

Lack of funds has forced giant U.S. companies to go into joint ventures—over which they have less control than over entirely owned ventures—with foreign companies and even with foreign governments. A 40-million-ton-a-year iron ore mine in western Australia is an example. Costs topped \$600 million, so American interests went in with British, Austra-

lian and Japanese companies. Once, the Americans would have swung the deal by themselves.

Other American firms with ample financing of their own have been forced to operate in partnership with foreign companies and governments or forgo concessions, in a situation akin to Arab "participation" in oil ventures.

Sometimes, American companies once wooed by foreign governments into investing large sums to extract minerals from their lands have found formerly-excellent relationships turning sour.

In many cases, the Americans were urged by the White House and State Department, in the 1950s, to participate as a patriotic duty—to "fly the American flag." Recently, such companies have been accused by foreigners of robbing them of their heritages. These accusations have been made, for example, in Jamaica, Guyana, Ghana and Nigeria.

What of the formation of cartels of producing nations? Cartels are illegal here, but elsewhere they are encouraged.

Simon Strauss, executive vice president of American Smelting and Re-

PHOTO: RUSS KINNE—PHOTO RESEARCHERS



Mica has wide use in electronics and the electrical industry.

floor hold minerals, especially nickel, copper and manganese.

Secretary Morton hopes the U.S. will improve supplies of all minerals. "I think we are learning," he says. "We are analyzing the situation and determining where we can get the most return for our dollar."

He also says that while "we have tended to put a large percentage of our tax money into things like welfare, which are important, we have put too small a portion into 'insurance policies' needed to produce the resources that are going to be required for the civilization of the future."

There have been calls for up-to-date national inventories, plus estimates of what we can expect to get abroad under certain political circumstances. Bills have been presented to Congress to establish such

Most natural quartz crystal comes from Brazil. Use: in electronics.



PHOTO: MARIO FANTIN—PHOTO RESEARCHERS

fining Co., is one rare expert who isn't overly worried about this development. He doesn't think countries where bauxite, copper and tin are produced can act together as successfully as the oil producers do. "Countries that are major exporters of metals do not possess the advantages the oil producers have in the fact that oil cannot be recycled and that there are no handy substitutes for it," he says.

Oil usage also is not cyclical to a



PHOTO: CHARLES E. ROTKIN—PFI

What happened after American Smelting and Refining geologists found molybdenum on U.S. Forest Service land (above) in the Castle Peak, Idaho, area is one example of mining industry problems. The land was set aside for recreational use. Mining was banned.

Metals Crunch *continued*

considerable degree, while demand for metals is vitally affected by cyclical business trends. And in most cases, the financial resources of countries with metal resources are not comparable to those of oil-exporting nations.

"Withholding or reduction of production could seriously affect employment, creating internal political difficulties," Mr. Strauss adds, and meanwhile, "recycling of secondary metals provides strong competition with primary metals in most of these commodities."

He says metal-producing nations may try further to imitate oil producers, and may have some small successes. "But over the long term," he says, "efforts by exporting countries to exercise lasting price control may prove self-defeating in loss of markets, loss of capital invested in

the control schemes and because of overstimulation of production from noncontrolled sources."

Other metal men are not so sanguine and they point to cartels formed, or planned, among nations with copper, tin or bauxite. They note that such disparate nations as the Soviet Union and South Africa have managed to act in concert in controlling platinum prices and supplies, and that these two countries, plus Rhodesia and Turkey, have acted alike in the chrome market.

The Bureau of Standards' Dr. Roberts is pessimistic. "In my opinion, the materials shortage is already upon us," he says. He hopes "we are awakening to the fact that we live on a resource-limited earth where, to survive, we must rechannel our waste products so they may be reused for maximum benefit. It is clear that ma-

terials, energy and environment are intertwined."

He adds: "I know that some economists claim there is no materials shortage, that technology will develop new ways of recovering scarce materials if the price is right, or will invent substitute materials. There are examples from history to support this view. But while the economist has an abiding faith in the technologist, the technologist knows the difficulties of generating new, low-cost solutions. He is not so positive about his chances of success, at least over the short haul."

Most metal men deplore the Nixon Administration decision to run down stockpiles of minerals and metals. President Nixon ordered the selling of stockpiled materials—in effect, dumping—to fight inflation and reduce imports, thereby making the balance of payments temporarily look better.

Now that supply problems loom for many materials there is a renewed interest in the stockpile concept.

"At the end of 1961, the value of stockpile holdings, based on then-current prices, was just under \$8 billion," Mr. Strauss recalls. By last spring, over \$5 billion worth of stockpiled commodities had been sold. At one point Congress refused to give President Nixon the right to reduce stockpiling almost out of sight.

Ian MacGregor, chairman of AMAX, advocates more stockpiling.

"There will be future downs in the world industrial cycle," he says, "during which there will be a possibility for accumulations of excess supplies of minerals and metals. We must take advantage of these to provide not only some insulation for emergency conditions, but also some valuable time to prepare and plan for the expansion of minerals supplies which are needed for the kind of world economy we project 20 to 30 years from now."

Efficient stockpiling would help flatten out the ups and downs of international payments for metals and other minerals. The minerals trade deficit now runs \$6 billion to \$7 billion a year and it could go over \$20 billion a year if countermeasures are not taken. —STERLING G. SLAPPEY

LETTERS TO THE EDITOR

A Plea for Arbitrators

• In "Arbitration Is No Bargain" [October], Raymond A. Smardon rightly points out that only about 200 arbitrators are used extensively out of the 1,500 listed by the American Arbitration Association and the Federal Mediation and Conciliation Service, due—presumably—to lack of experience on the part of the other 1,300.

This is not new information, nor does it come as a surprise to those of us who are practitioners in the field of labor relations.

I believe that what is called for is less criticism of arbitration's shortcomings and more attention to its improvement as a viable labor-management procedure. If a shortage of skilled, experienced arbitrators is the problem, let's address ourselves to it. In-service training similar to the experience requirement for certified public accountants is one form the solution could take.

Such ways to increase the number of qualified arbitrators are surely worthy of our consideration. Arbitration has proved useful in resolving polarized issues, without economic warfare or confrontation tactics.

F.E. BUSHHOUSE JR.
Vice President, Personnel and
Industrial Relations
Burndy Corp.
Norwalk, Conn.

The sun and the wind

• We appreciate the inclusion of photographs of ILS Labs' Prototype I in your article, "The Dawn of an Industry" [September].

However, we must ask that you correct a gross inaccuracy contained in the caption—that the solar collectors and wind generator provide "most" of the energy needs. The significance of Prototype I is that all of its energy needs are provided by these sources, with no backup. This makes ILS' work unique from the work of others or the work contemplated by others.

Although we do not object to having photos of our work accompanying an article heavy with the names of large, well-publicized firms, we would

have preferred you to have included the fact that we have never received any funds or aid from any of those corporations.

Prototype I, with all equipment pictured, was built with my own savings, labor and the help of friends and volunteers. It was constructed in 1971 and was fully operational in early 1972, long before energy autonomy became "fashionable." The cost was well below \$20,000.

ROBERT REINES
Director
ILS Labs
Tijeras, N. Mex.

Harvey, son of George

• An advertisement on page 55 of your October issue identifies as "Harvey" an electronically programmed manikin used by medical students in the study of heart disease. On page 70 of the same issue, the manikin is identified as "George" in the article, "Diagnosing the Doctor Shortage."

Which page of NATION'S BUSINESS do you read?

F.N. GORDON
First Pyramid Life Insurance Co. of
America
Little Rock, Ark.

[Editor's Note: "George" was the prototype manikin developed by Dr. Michael S. Gordon at the University of Miami School of Medicine and "Harvey" is the new, improved version.]

Speaking louder

• In the interesting article, "Losing the Unemployment Numbers Game" [October], the only loud protest mentioned by author William Gill is the letter Gov. Ronald Reagan of California sent to the White House.

[Editor's Note: The article detailed how a new government method of computing joblessness had sent unemployment rates soaring in many localities.]

I believe the action taken by the state of New Jersey—a federal court suit—is a stronger method of protest.

JOSEPH A. STEINER
Manager
Economic Development Department
Eastern Union County Chamber of Commerce
Elizabeth, N.J.

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Staying Trim, Productive ... and Alive



PHOTO: GENE DANIELS—BLACK STAR

The premature deaths of young executives due to heart disease are estimated to cost American business \$2.5 billion a year. . . .

Illness because of heart attacks costs American business 132 million workdays a year. . . .

These shocking figures, compiled in Washington by the President's Council on Physical Fitness and Sports, are accepted as accurate by medical associations, insurance companies and businesses in general.

In an effort to do something about heart ailments, as well as to improve the general health of sedentary executives, more and more companies are building physical fitness facilities—many of which are elaborate and offer opportunity for a wide range of types of exercise.

More than 50,000 companies have installed physical fitness facilities and begun programs aimed at keeping employees alive longer. At least 300 of these companies employ full-time recreational directors. The total cost of all of this is about \$2 billion a year.

Companies have learned that employees who exercise wisely and regularly are better workers, are happier and—this goes especially for the high-salaried, hard-to-replace, middle-aged, sedentary executive—do indeed live longer.

The President's Council is an ac-

A 40-by-60-foot, fully equipped gym at Rockwell International's plant at Downey, Calif., can be used by 120 grunting and groaning executives at one time. A physician, who's on the job full-time, guards exercisers against overdoing it.

An otherwise-unused roof area is the site for a jogging track provided by the Life Insurance Co. of Georgia for Atlanta executives. George M. Schisler, director of the "Tower Health Club," monitors heartbeats and pulses of executives invited to join the club, whose facilities include a 6,600-square-foot gym.

tive, effective coordinator of company plans, and an instigator of programs. Hardly a day goes by that another large company doesn't get assistance from the Council in planning a gymnasium, laying out a running track, buying a roomful of expensive exercise machines.

Here's a glimpse of what's going on at five companies that believe in helping their executives to be of good heart.



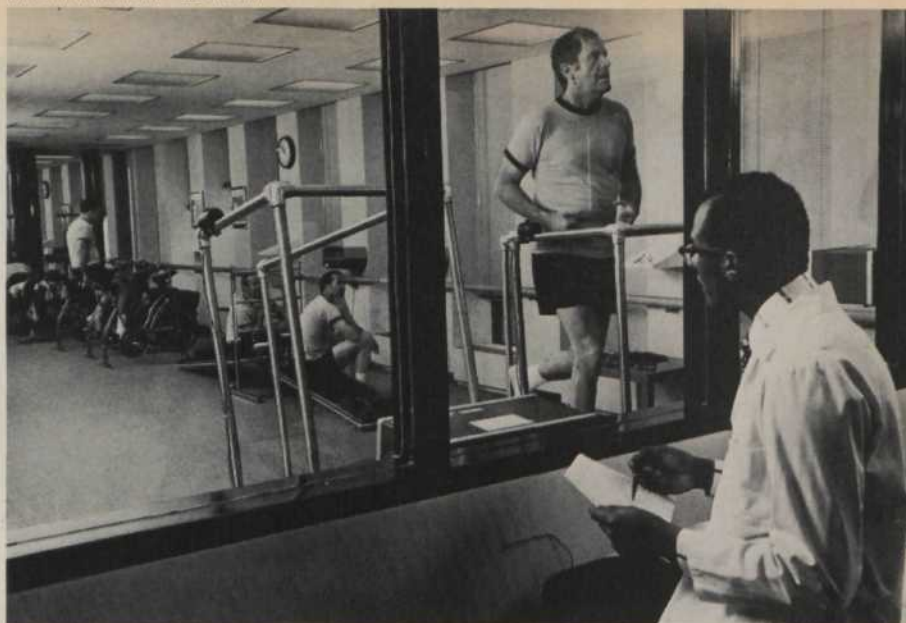
Phillips Petroleum Co. began its program in Bartlesville, Okla., in 1920, making it one of the oldest. The program includes scores of sports and exercises, and ideal equipment is provided. Kenneth Treadway is a program director.



Staying Trim *continued*

Exxon's New York "Physical Fitness Lab" for 200 executives is designed to improve cardiovascular health and is doing just that. Executives are encouraged to work out three times weekly, and intricate, computerized records are kept. The program is voluntary, and quite popular.

Three full-time professionals are employed to staff the "Health Club" of Northern Natural Gas in Omaha. The company opened the club in 1970 and employees pay \$6 per month to belong. Nearly 600 members use the saunas (below), exercise rooms, pool, playing fields, courts and track. **END**



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What's Most Wanted by the New FBI Chief

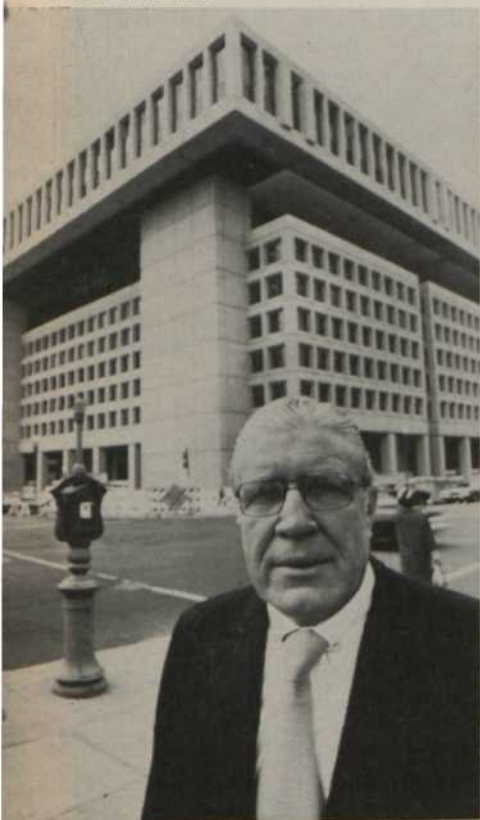


There have been successes in the fight against crime, says Clarence Kelley, but certain steps could lead to many more

The temptation to compare the two men—J. Edgar Hoover and Clarence M. Kelley—is inevitable.

There are similarities—in each case, an intense dedication to law and order, American style, and in each, a toughness. But then, the fabled Mr. Hoover and his first permanent successor as head of the Federal Bureau of Investigation become very different personalities.

PHOTOS: YOICHI OKAMOTO



FBI Director Clarence Kelley shows off a model of his agency's new \$126 million headquarters (left), and part of the actual structure is behind him above. When it's occupied, all FBI headquarters operations will be under one roof.

John Edgar Hoover, the original "G-Man" who headed the FBI for 48 years until his death in 1972, ruled with an iron fist. He was aloof, unyielding, and he spread awe among his agents.

While there probably is no man he admires more than his former boss, Clarence Marion Kelley (he was an FBI agent for 21 years) is in some ways Mr. Hoover's antithesis. Warm, affable and gregarious, the 63-year-old Mr. Kelley is gradually changing the face of the austere agency.

Mr. Hoover ran what was virtually a one-man show. He had few confidants. The public rarely saw him. Most of his communications with the press were through carefully-prepared news releases. Newsmen did not deal with him directly, but through aides.

Mr. Kelley likes to use the phrase "participatory management" in describing his executive style—which means he gets input from a broad range of those under him. One assistant describes him as an extremely good listener.

Now, the FBI director's office has a figurative welcome mat at the door. Clarence Kelley is running an open shop, going out of his way to communicate more with the press, the public at large. He prides himself on making numerous public appearances explaining the FBI role.

News conferences are frequent and whenever Mr. Kelley travels around the country he makes it a point to meet with his agents, going over official business but also taking time for friendly conversation.

Big, barrel-chested, and with a square jaw that gives him a Dick Tracy look, he is a commanding figure. He has been described as a "friendly bear type" who can become

as angry as an aroused grizzly if the occasion demands.

Fans and critics of the FBI alike agree that it took a man of Clarence Kelley's caliber and reputation—he is often called a policeman's policeman—to buff the agency's tarnished image in the wake of Watergate. Or, as one of his aides puts it:

"If he did nothing but have his picture taken he would be good for the FBI."

Former President Nixon looked over a field of 27 before he settled on Clarence Kelley as a successor to the hapless L. Patrick Gray, who was not confirmed as FBI director because of his involvement in Watergate. At Mr. Kelley's July, 1973, swearing-in ceremony in Kansas City, Mo., where he had just stepped down as police chief, Mr. Nixon said:

"I liked the cut of his jib."

The new director continues a friendly—and frank—relationship with the press he enjoyed for 12 years as head of the Kansas City police force.

At one recent press conference the inevitable question of the FBI's continued failure to locate Patty Hearst arose. Mr. Kelley admitted the FBI was "stumped."

When he asked an aide afterward how the press conference had gone, the aide said he and others felt Mr. Kelley might have made a better choice of words.

"Well, what would you say we are?" asked the director. His assistant replied: "Stumped." Said the FBI chief: "Maybe I could have chosen a better word but it still comes out the same—we're stumped."

Mr. Kelley and his wife live in a condominium apartment in suburban Maryland.

He usually is driven to and from

What's Most Wanted by the New FBI Chief *continued*

work in the same 1971 limousine that Mr. Hoover rode in, and by the same chauffeur, Special Agent Tom Moten. There the similarity ends.

The window between the limousine's front and rear seats was always closed, on Mr. Hoover's orders. Now it is open. Mr. Kelley keeps a friendly conversation going with his chauffeur.

You could set your watch by Mr. Hoover's departure from his Washington home in the morning. But Mr. Kelley's departure times are less certain, and Agent Moten is frequently invited into the Kelley apartment for coffee.

When J. Edgar Hoover traveled by air around the country it was always in the company of one or more of his top assistants. Clarence Kelley practically always travels alone.

Here, in an interview with a *NATION'S BUSINESS* editor at FBI headquarters, Mr. Kelley gives some insights into his stewardship of the FBI and what he hopes to achieve during his tenure of office.

What are you doing to reverse the trend of rising crime in this country?

The answers are not simple. Crime is a national problem, affecting all segments of society. Law enforcement alone cannot be held fully responsible. Crime is caused by many factors, such as poverty, poor housing, lack of recreational facilities, inadequate education.

If we are to make a substantial reduction in crime, and I think we can, then many elements of society must make their contributions to the overall effort.

Do you have some specific recommendations?

One way to cut crime would be to reduce the number of hard-core criminals on our streets. A major problem today is the criminal recidivist. Our statistics, based on arrests, show that the repeater commits about two thirds of all criminal acts. This is an appalling fact.

Why is this happening?

Partly because current bail procedures often enable the hard-core criminal to receive the same consideration as the first offender. The

hardened criminal given bail is soon back on the streets—where he can commit more crimes. This problem is aggravated by the wholesale use of concurrent sentences and unreasonable plea bargaining.

Where is the FBI today in the battle against organized crime?

There is no question that we have had significant successes against organized crime. We are winning the war, with aid from local, state and other federal law enforcement allies, but the war is by no means won.

Organized crime still drains billions of tax-free dollars from our economy through illicit gambling operations, vice, fraud and loansharking—through systematic infiltration and bleeding of legitimate business. And with inflation burdening the American people, organized crime becomes an economic parasite we could well do without.

You have talked about stressing "quality-type cases" in trying to thwart organized crime. Can you spell that out?

This means we must determine the sphere of influence, income and power of the organized crime subjects we go after. Then we use every practical statutory weapon we have to build a prosecutable case.

Is this working out?

During the fiscal year just ended, our organized crime investigations resulted in 1,367 convictions, including Syndicate functionaries in New York City, Philadelphia, Cleveland and New England.

Five other ranking Syndicate chieftains were among nearly 2,700 organized crime subjects awaiting prosecution as the fiscal year ended. Recoveries and confiscations in organized crime cases exceeded \$3,250,000.

So you are making inroads?

There is no question that organized crime has felt the effects of our efforts. Some of the organized crime groups aren't nearly as organized as they once were. Their affluent and powerful leaders have been sent off to do long prison sentences, and their replacements some-

times are ineffective and incapable of controlling their groups.

How about white collar crimes? Are they on the increase, too?

White collar crime is certainly on the increase. However, you have to adjust that statement by saying that we are beginning to uncover much more than we once did, and it may well be that we just didn't know what was in this area before.

We have designated white collar crime as one of our priority areas and we are pushing our investigations with as much depth as we can.

Any new techniques?

Yes, we are bringing local prosecutors, United States attorneys and their assistants, and our own people together in training sessions so they can learn more about white collar crime. For example, they will examine computer frauds and how they are perpetrated.

We are trying to recruit more accountants. Accountants are valuable in these investigations. White collar crimes can be very intricate financial maneuverings that call for more sophisticated types of investigation.

Do you have any advice for the business community in this area?

Well, there seems to have been a feeling of acceptance—not articulated and perhaps even not admitted—of a certain amount of fraud.

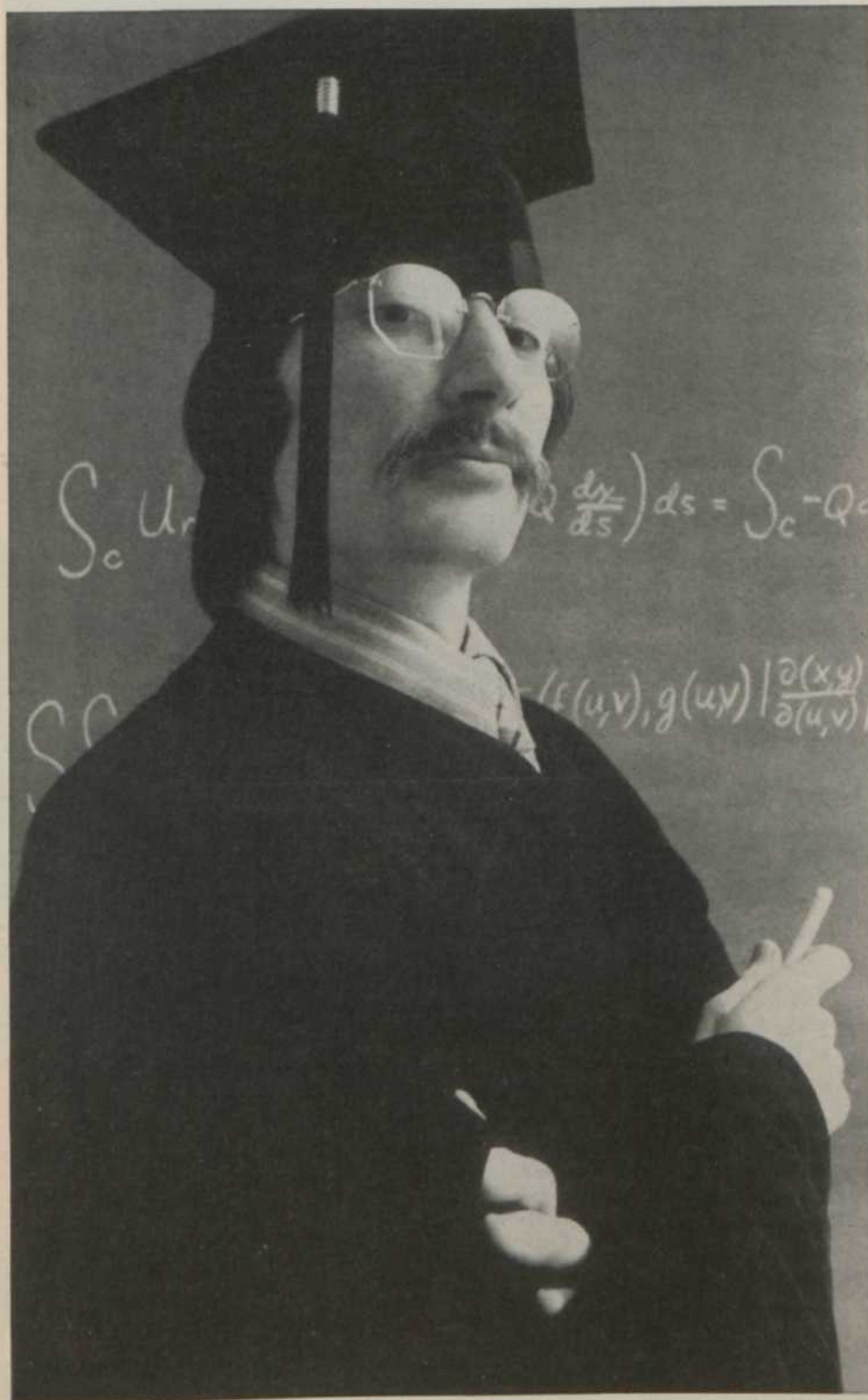
I would say that one of the most effective pieces of advice I could give to owners of businesses is that if they have any suspicions at all, let us in law enforcement know about them so appropriate investigations can be conducted.

Also, I would urge them to be particularly alert to security—security insofar as computer operations are concerned, security in bookkeeping. And not to be completely trusting of employees in the sense that no brakes are placed on their activities.

Do you know that one of the reasons for white collar crime is the easy accessibility of funds? There is great temptation in handling large amounts of money.

If business is going to rid itself of this scourge of white collar crime it is going to have to go into some kind

A little simple arithmetic about a Math major.



The cost of a higher education is getting higher. In fact, you could end up spending close to \$20,000 to put your child through college.

So maybe you should consider U.S. Savings Bonds. They're one of the most dependable ways to build funds for an education.

All you have to do is join the Payroll Savings Plan where you work. Then an amount you specify is set aside from your paycheck and used to buy Bonds.

Say your child is 3 years old now. If you buy a \$75 Bond a month through Payroll Savings, by the time he's 18, you'll have \$16,048 tucked away. A solid sum to get him started. See? A little simple arithmetic can add up to a lot.

Make the chances of your child's college education more secure. Join the Payroll Savings Plan now.

Now E Bonds pay 6% interest when held to maturity of 5 years (4% the first year). Bonds are replaced if lost, stolen or destroyed. When needed, they can be cashed at your bank. Interest is not subject to state or local income taxes, and federal tax may be deferred until redemption.



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New FBI Chief

continued

of self-monitoring operation and also join with us and other law enforcement agencies by reporting whenever a law violation is suspected.

Can you place a price tag on white collar crime?

That is very difficult. We have some cases that run into millions of dollars. I would imagine that, overall, it would run into billions.

In one instance alone, over \$15 million worth of Treasury bills were stolen from a New York bank. We recovered more than \$13 million. In another case, 7,000 airline tickets worth in excess of \$2 million were stolen. To date, we have arrested 21 persons in that case.

Who commits such crimes?

Usually, persons in responsible positions in government, private business and labor, often with a great deal of finesse.

A double-barreled threat is posed by these kinds of crimes—the financial loss to the many victims, and the erosion of public confidence in institutions and persons whom we expect to meticulously observe the law.

Is the theft and forgery of securities a big problem?

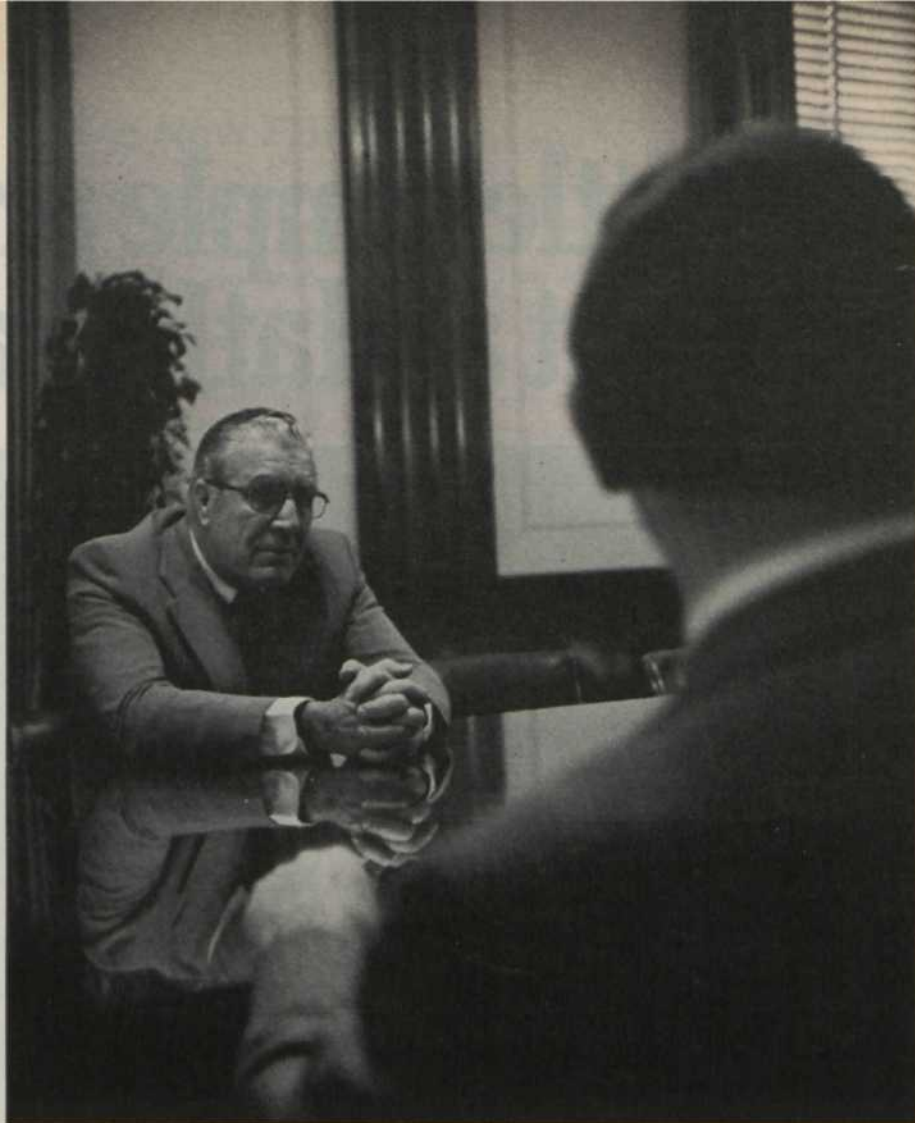
Yes. As of last Sept. 1, we had 1,565,438 stolen security records on file in our National Crime Information Center. The cash value, of course, runs into millions of dollars.

What is your view on wiretapping?

There is no question that law enforcement with recourse to legal and proper electronic surveillance is more effective than law enforcement without such recourse. We use electronic surveillance only as a last resort, with meticulous regard for legal requirements concerning its use.

So you feel strongly about using wiretaps under these restrictions?

Yes. You must understand that the big criminal cartels—particularly their gambling enterprises—cannot function without the telephone. That is what makes them vulnerable to Title III [the federal law governing wiretaps]. Organized crime does not operate in horse-and-buggy fashion, and if law enforcement were con-



Mr. Kelley, who runs more of an open shop than his predecessor, J. Edgar Hoover, is a good listener.

strained to do so, society would be the loser.

The possibility is often raised that the FBI could evolve into a national police force. Is that a likelihood?

This is a specter about which our citizens have been fearful for many years. I do not see this happening. In the first place, we have many competent police officials throughout the country, officials who are backed by strong public and financial support. The American way of life is to preserve local control as much as we possibly can. I agree with that philosophy.

Mr. Kelley, have there been any changes in the FBI's activities in the wake of Watergate?

Yes. One that I personally have

been a part of, and continue to expand on, is dealing openly with the news media. I think our citizens should be entitled to know how law enforcement organizations, including the FBI, operate. It is necessary to keep people informed about what is going on in the world of crime.

This is particularly necessary as a result of Watergate and the loss of credibility we suffered.

The FBI was hurt by Watergate?

Insofar as our own morale is concerned the harm was minimal. Insofar as our image is concerned, yes, it was damaged. Some people put us in the category of the public servant who can't be trusted, who lies, who is careless with integrity.

Has this hampered the FBI's work?

Yes. There are people who will



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One man in nine is a quality control man

For every eight production workers, there's someone at Ford's Kentucky Truck Plant whose sole job is quality



control. One example: teams of "quality auditors" who examine trucks picked at random. Ford's modern production techniques, like the computerized flow of components, don't replace human vigilance and care. They just make it easier to do the job right.

You'll find a Ford Dealer close at hand

The whole country is Ford country. Over 5,600 Ford Dealers are ready to lend you a helping hand. Not all Ford Dealers are heavy-truck specialists, but each stands ready to provide emergency assistance to get you on your way without delay. Or he can get you in touch with the nearest HeavyTruck Dealer or

Diesel engine service point. And he can, of course, order any parts you might need. Today, 269 strategically placed Ford Dealers specialize in heavy trucks with some of the finest service facilities you'll find anywhere. Over a quarter of them have extended service hours. Some never close their doors.





Linked computers can scan 21 parts depots



Ever wasted hours while someone tried to track down a part? Ford's computer system can locate the closest part in the net-



work of 21 depots in something like 60 seconds. Some dealers now have a computer right in their parts department. Tied into the Ford system by telephone lines, this permits the availability of parts to be checked and orders placed directly through the computer.

In these days of delays and shortages, it's important to know where you stand. Ford can help you.

Cargo planes that fly nothing but Ford parts

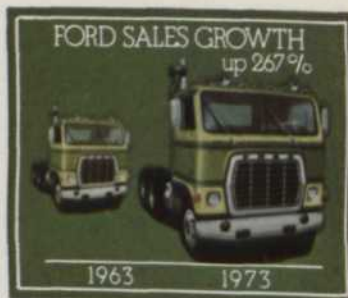
Some people call it the Ford Airlift. Every weekday night, chartered DC-9's fly parts from Ford's national parts depot near Detroit to a chain of other cities. This extra measure means better service for Ford Dealers and their customers, often enabling overnight delivery of parts not available locally.



Ford sales growth is twice industry rate

Ford's dedication extends into many other areas, too. Like financing specially tailored to your individual needs. Continuous factory-dealer training programs. An active field engineering force working with dealers. And a full range of durable well-built trucks to match your job requirements.

The 10-year growth record of Ford heavy trucks (Ford sales have climbed over twice as fast as the industry has on the whole) tells you that Ford must have a lot to offer you. Find out firsthand, at your Ford Dealer's.





F-Series Conventionals—versatile all-around trucks, solid value for the money.



Six-man crew cab—one of many ways Ford can match your job needs.



C-Series tilts—America's favorite tilt cab trucks for 17 years.

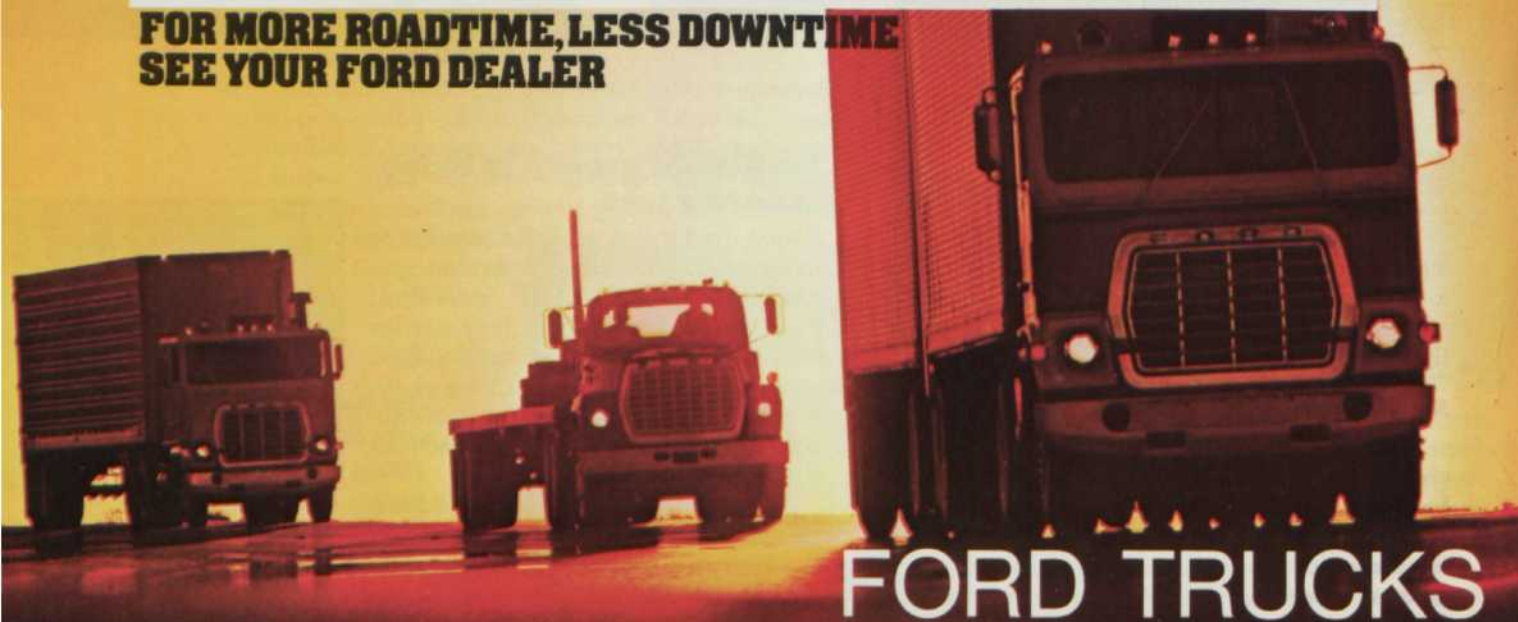


L-Line Fords—such a range of choices they're a whole truck line.



W-Series linehaulers—big Diesel rigs that are very big in driver comfort.

**FOR MORE ROADTIME, LESS DOWNTIME
SEE YOUR FORD DEALER**



FORD TRUCKS

FORD DIVISION



say: "I can't tell you anything because you will use it to my detriment. I just can't trust you."

But that situation is diminishing and may not be as widespread as we first feared. Fortunately, there remains a great core of Americans who are fond of the Bureau and who trust it.

If you are going to be successful in this field of law enforcement you must have credibility. You have to be aboveboard. One reason I am interested in talking with people like you is that it can project the assurance that the FBI can be trusted.

Is the FBI what it was when you were an agent?

Well, when I returned after 12 years—I had read all the things that had occurred—I looked around for flaws. I really looked. I couldn't find anything other than complete dedication to good law enforcement. I don't know of any civil rights that are violated.

And I have looked.

I say to you or to any other citizen that the FBI is entitled to complete credibility.

Mr. Kelley, should ransoms be paid to kidnapers?

Well, frankly, this is one area where I always tend to evade the issue. And I say that because there are governmental edicts against paying ransoms, inasmuch as this invites further kidnappings. But I say that the relatives of a victim should have the prerogative of determining whether, to ensure the victim's release, they should pay.

One cannot know how he would react if his son or daughter were the kidnap victim.

If paying ransoms were made illegal we would probably have few kidnappings reported to us. And this in turn would encourage a proliferation of kidnappings.

Are you in favor of gun control laws?

To me the greatest danger is the cheap handgun. They're dangerous because, being cheap, they are easy to acquire, and because they are easily concealed on the person. I have always favored going after the Saturday night specials. Get rid of them,

and ultimately we may get possession of these guns down to a workable level where we can exercise control.

You know, one of the most difficult things any chief of police has to do is to break the news to an officer's parent that his son or daughter has been killed in the line of duty. Almost invariably, this is a result of handgun violence. You can't go through this without deeply feeling that there is a need for some sort of legislation. I mean meaningful gun control.

And I am not striking out at the sportsman. All I want is to remove these guns from the hands of those who use them to commit crimes.

What is the toughest part of your job?

Communications. There are certain things that we cannot say openly which would help us get the job done better. But we are restricted because of the confidentiality of our files and of our investigations.

What gives you the most pleasure as head of the FBI?

I would say launching some programs calculated to give us a higher degree of productivity and to enable us to be more responsive to public needs.

One of these is our stance of dealing openly with the public through the news media. I personally enjoy working with the press and never have been treated unfairly by one of its members.

You know, when you get down to basics in this matter of federal law enforcement—or local or state law enforcement—what you are really trying to accomplish is to make our streets, our homes and our nation secure. You want to go back to those days when you could walk the streets and not have somebody clobber you. You want to feel you can deal openly with people and not fear you are going to be fleeced. You want to feel that your country is free from the intrusions of the espionage agent.

We at the FBI are trying to achieve these basics as best we can.

How is the hunt for Patty Hearst

progressing? Will it be successful?

Our search for Patricia Hearst is continuing, as is our search for William Taylor Harris and his wife, Emily. The Harris couple and Patricia Hearst have avoided apprehension up to this date, very likely due to assistance rendered by the anti-establishment underground.

It would appear that in view of Patricia Hearst's lack of experience in the survival techniques of such underground living, the assistance from anti-establishment or other streetwise people is an absolute necessity.

However, while she may not be located today, or perhaps even tomorrow, there is no doubt she will be located.

Is communism still a menace in this country?

Very definitely. Communism advocating the overthrow of the government by force and violence is a menace, yes.

Is internal security still a big part of the FBI operation?

Yes. The security of the nation is a very important part of our job.

How are your new women agents working out?

Fine. We have 31. We are not only attracting women but some very attractive women.

Are they prepared to take on any kind of hazardous assignment?

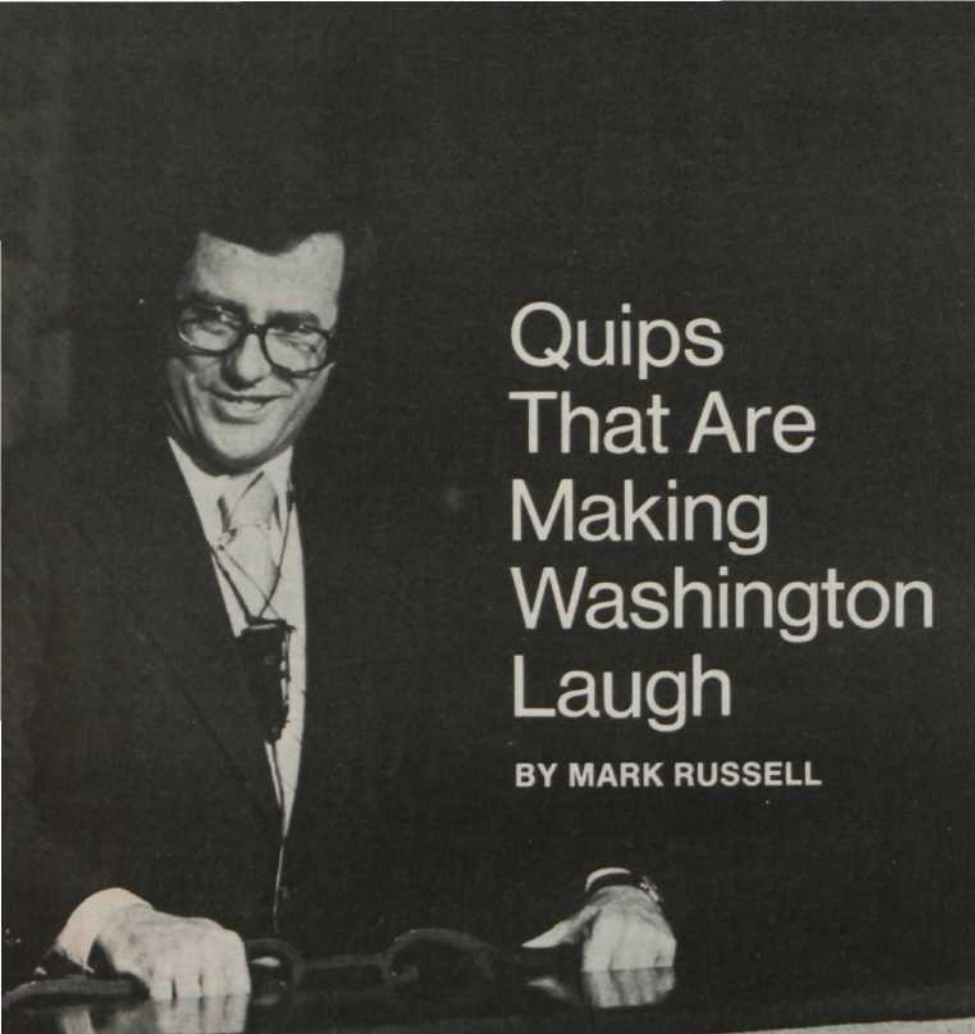
Oh, I am sure that under particular circumstances we would be somewhat reluctant to throw our lady agents into certain kinds of situations.

But I am equally sure they would spurn such consideration.

I understand you enjoy talking with the employees as you make your rounds of the FBI. Any interesting happenings?

I remember being greeted by one of our women employees. She confided that I reminded her of her grandfather. I was pleased, but as I walked away I looked over my shoulder and it suddenly occurred to me that the woman was every bit as old as I was.

END



Quips That Are Making Washington Laugh

BY MARK RUSSELL

Mark Russell has been roasting politicians for more than a dozen years at Washington's Shoreham-Americana Hotel, and some of his biggest fans are his more frequent targets—Senators, Congressmen, Cabinet members and even Presidents. His political satire is often compared with that of Will Rogers. Like Will Rogers, Mark Russell writes his own material. He gleans information from all sorts of sources in the nation's capital, including an assortment of government documents, an assortment of acquaintances, the newspapers, and hearings he drops in on. The results are likely to be quite irreverent. Here are some of them.



When President Ford took the oath of office and said that honesty was the best policy it was then I knew I was in trouble. There's nothing that strikes terror in the heart of a political comedian any more than the thought of an honest Administration. . . .

We had that economic summit recently. All of these financial wizards came to Washington with their calculators strapped to their hips. Do you know that you cannot get off an airplane here these days without a calculator? When they search you now they're not looking for guns, they're looking for calculators. No calculator, you don't land in Washington.

In Canada there is a small radical group that refuses to speak English and no one can understand them. They are Separatists. In this country we have the same kind of group. They are called Economists.

So President Ford goes to Bill

Simon, who used to be the Energy Czar. Not to be confused with the Maharaja of Agriculture. Or the Sultan of Health, Education and Welfare. So he says to Simon, "What are we going to do about inflation?" And Simon replies, "I know, we'll print more money." And Ford says, "You can't do that. There's not enough gold to back it up." "Thank goodness," Simon retorts. "For a moment I thought we were out of paper."

I took President Ford's advice and tried biting the bullet. And I broke a tooth. . . .

Recently, I visited Wall Street. You know—where the Big Board is now known as the Wailing Wall. I got out of the Market and went into something more secure—an acre of quicksand in Florida.

So Alan Greenspan, our top economist, tells us that people who are suffering the most are the stockbrokers. I am happy to announce that our government is setting up a program on Wall Street to make sure that a hot lunch is served in the executive dining rooms of the brokerage houses.

And in rich neighborhoods they are setting up emergency soup kitchens to give away free vichyssoise. You'll know the end is near when Chivas Regal comes out in half pints. For the nouveau poor. . . .

Nelson Rockefeller, born in a little log cabin in Bar Harbor, Me., was the only child on the block with a lemonade stand that was listed on the New York Stock Exchange. He knows what we're going through. He knows what it's like to support a family of five on \$90,000 a week. He and Mrs. Rockefeller went to a supermarket the other day just to experience what we experience. Just plain folks, they walked through the supermarket—and they might have gone unnoticed, but they waited to be shown to an aisle.

Rockefeller is a novelty—a man who made money before he took office. There was a time when I was

for Rocky for President. My thinking was that anybody who owns something should be permitted to run it. The first thing, when he arrived in Washington, he said to Jerry Ford, "I'll flip you for the national debt."

Congress has been going over his finances with a fine-toothed comb. If he takes Congress' advice on what to do with his money he'll be broke in two months. It'll be the first time in his life he will be using the short form. . . .

It's official. President Ford says there'll be no depression. A famine, maybe.

The President says the defense budget is not sacrosanct. That means they are laying off six waiters at the Army-Navy Country Club.

I'm happy to report that Jerry Ford not only can walk and chew gum at the same time, but does it on a tightrope. You know, Jerry is trying to deroyalize the Presidency. They're changing the name of the song to "Hi to the Chief." . . .

Now take this matter of amnesty. I visualize that the Berrigan brothers will be laying a wreath at the tomb of the Unknown Deserter.

In charge of this whole amnesty program is Charlie Goodell. That's like making Robert Vesco chairman of the Securities and Exchange Commission. . . .

I've written a song about the NFL Players Association. It goes like this:

*Cheer, cheer for the glory and
fame,
Collective bargaining's the name
of the game.
While we're hanging up our cleats
There's 40,000 empty seats.
We're dedicated to pro football
With George Meany's picture on
the locker room wall.
It's not who wins or loses that
counts
But when the union says to play
the game. . . .*

I had two businessmen in to my show the other night. Soon they were



Mark Russell, emceeing a National Press Club affair attended by William Simon in the days when Mr. Simon was grappling with Arab embargo problems, took an all's-well-if-you-have-oil-wells position.

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State Mutual of America has a lot of good ideas.

Sirs: Please rush me more facts on your qualified retirement income plans:

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Quips That Are Making Washington Laugh *continued*



Mr. Russell bangs at the piano and bawls out his own ditties during two-a-night performances at the Shoreham-Americana.

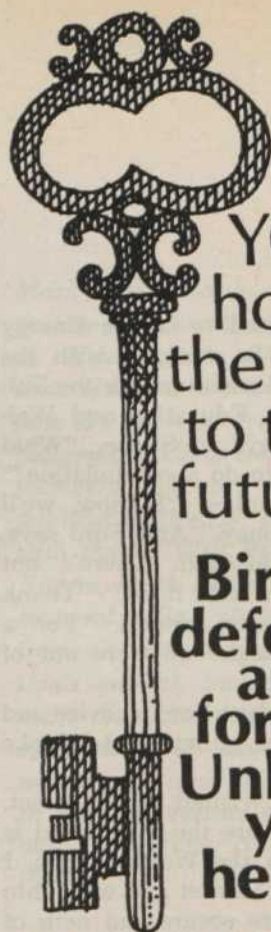
in a heated discussion over import controls. They wanted to stop all these foreign goods coming into the United States. Just then the waiter came up. One of them ordered a Scotch and the other a German beer. . . .

We should tell the Arab countries that we mean business by sending out the warning: "No oil—no Diet Pepsi." . . .

When Sens. Jacob Javits and Claiborne Pell returned from Havana recently it reminded me of Neville Chamberlain getting off the plane from Munich. I expected the Senators to say, "We will have Cuban cigars in our time." . . .

Attorney General Saxbe is looking into the legality of state lotteries. The Justice Department will now be known as the Bureau Investigating Numbers Game Operations, or BINGO. . . .

Isn't Washington wonderful? Over at HEW they had a study to find out why children fall off tricycles. It cost \$24,000. And you know what they found? Children fall off tricycles either because they lose their balance or they run into something. **END**



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the key
to their
future!

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defects
are
forever.
Unless
you
help.

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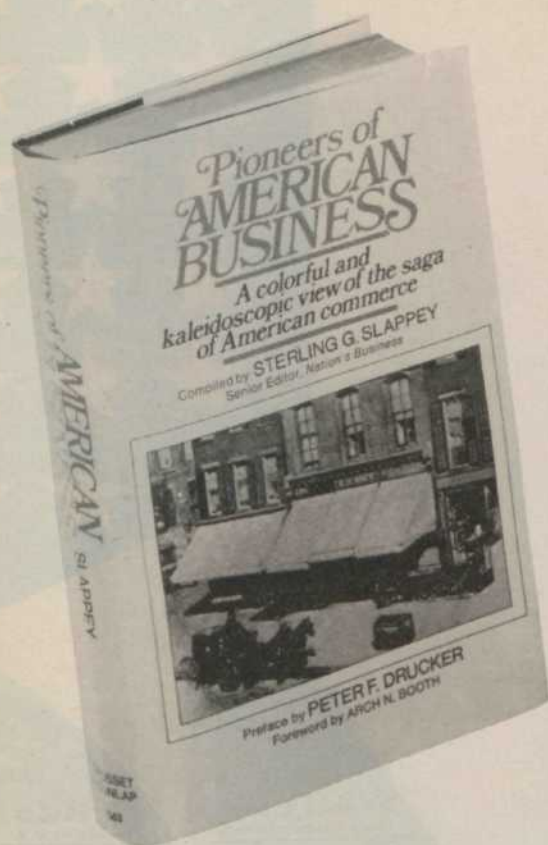
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E. Mandell de Windt of Eaton Corp.

A dropout reaches the top

What happens to a dropout from a liberal arts college who goes job-hunting at a big industrial firm long on engineering and technology?

In the case of E. Mandell de Windt, he winds up as board chairman and chief executive officer of the company before he's 50. (And, incidentally, as a trustee of the college, too.)

As top man at Cleveland-based Eaton Corp., "Del" de Windt, now 53, heads a domain with operations in almost 25 countries, annual sales currently above \$1.75 billion and more than 50,000 employees involved in designing, engineering, manufacturing and marketing products to move man, material and energy.

Founded in 1911 by Joseph O. Eaton to make truck axles, the company soon became a major supplier of parts to the fast-growing motor vehicle industry.

A good portion of today's product lines reflects that origin. No truck or car made in the U.S.—and in many other countries—comes off the line without some Eaton-made parts under its shiny exterior.

A 1963 merger with Yale & Towne added that company's famed locks, security systems and builders' hardware and materials handling prod-

ucts, such as forklift trucks, to Eaton's product lines.

Eaton's diversified markets also include products for industrial automation, construction equipment, forestry, controls technology and leisure-time activities.

The man running the many Eaton activities is a soft-spoken Massachusetts native who was hired by the company in June, 1941, at \$80 a month.

Del de Windt was married that same month to a girl he had met on a blind date when he was at Williams College and she was attending Bennington, "just up the road." They are the parents of five children, ranging in age from 12 to 32, and he gives "my wife and good friend Betsy" an equal share of credit "for any success I have had."

The first step toward that success came shortly after he began working as a clerk at Eaton's valve division in Battle Creek, Mich.

Undeterred by his low standing on the corporate ladder, he drew up a proposed program for dealing with the industrial manpower shortage that American entry into World War II would precipitate at Eaton. He took his plan directly to the division manager and was promptly

assigned to the employee relations office.

(On the wall behind Mr. de Windt's desk in the chairman's office is a picture of a turtle, neck extended, and the words: "Behold the Turtle. He makes progress only when his neck is out!")

He spent several years in increasingly responsible personnel jobs, moving to company headquarters in Cleveland to run a postwar program for reemploying veterans.

An important turning point came in 1950, when he was tapped to be assistant general manager of Eaton's stamping division, which meant moving into the production side of the business. He became general manager of that division in 1953.

The upward pace then gathered momentum—director of sales for the corporation in 1959; vice president-sales, 1960; group vice president-international, 1961; board of directors, 1964; executive vice president, 1967; president, later in 1967; and chairman in 1969. Annual sales have risen 63 per cent, and profits also have jumped, since he became chairman.

In addition to his heavy responsibilities at Eaton, Mr. de Windt makes time for an extensive schedule of civic endeavors both in Cleveland

E. Mandell de Windt

continued

and nationally—he's a governor of the United Way of America and on the executive committee of the National Conference of Christians and Jews, which presented him with its Human Relations Award for 1973.

In his office high above the Cleveland waterfront on Lake Erie, Del de Windt talked about his business career and some of his other interests in this interview with a NATION'S BUSINESS editor.

What brought you to Eaton?

I had finished two years in liberal arts at Williams in 1941, and decided I didn't want to wait two more years to get out into the real world. I went to the college placement bureau, which suggested I talk with Joseph Eaton, a Williams alumnus, who was head of a business in Cleveland.

I sat up all night in a railroad coach and spent 25 cents to take a shower when I got to the Cleveland terminal. A streetcar ride later, I was at what was then the company headquarters and I had a very pleasant visit with Mr. Eaton. He shuttled me off to four or five other people. A week later I received a brief note from him, beginning: "My dear de Windt."

He offered me a job as an apprentice toolmaker at 14 cents an hour, or as a production clerk at \$80 a month.

It didn't take long to figure out which paid more. And, since I had no mechanical ability—I still can't drive a nail straight—I decided I had better be a production clerk.

Did you plan on finishing college later?

I figured that actual experience would help me make a career choice, and that if the choice required more education, I would know which way to go in school.

As it turned out, I decided several years after leaving Williams that I wanted to be a lawyer; thus I started attending night classes at Marshall Law School in Cleveland.

In fact, I started four times and once got as far as six weeks. The problem was that I was in the central industrial relations department at the time and traveled out of town

"Behold the Turtle. He makes progress only when his neck is out!"
Eaton Corp. Chairman Mandell de Windt likes the moral in that picture behind his desk so much that he underscores it by collecting turtle figurines like the one he's holding.



frequently. I wasn't smart enough to get through law school without going to class, so I finally gave up. My interest was not in practicing law as such, but I felt that the training might be helpful in my work.

So that was the extent of my formal education.

How would things be different for a young man at Eaton today from what they were when you started?

The whole situation was different then. While I hadn't completed college and had no special skills, we were going into a major industrial expansion in 1941, with World War II under way in Europe and the United States preparing to enter the conflict.

I had incurred a back injury playing college football—in a game against Army, ironically—and was rejected both when I tried to enlist and in the draft.

Thus, while I was not particularly well-qualified for an industrial occupation, I was on the scene at a time when there was a very great shortage of young men to meet the nation's growing defense needs.

A young person today who offered the background I did then would have a difficult time getting the attention of corporate recruiters.

But young men and women who have completed their educations are certainly far more qualified to move

into business and take advantage of opportunities, and, without doubt, these opportunities are better today than they were then.

In what way?

When I joined Eaton in 1941, total sales were \$54 million. We had 7,000 employees, all employed in nine operations in the U.S. Capital expenditures that year were \$2.2 million, and the research budget was \$200,000.

Eaton's 1974 sales will be above \$1.75 billion, and the company now has more than 50,000 employees, at some 140 operations in about 25 countries. Capital spending in 1974 is in the \$125 million range, with R&D expenditures in the area of \$35 million.

So we have enjoyed tremendous growth. Last year, for instance, we opened 10 new operations. Every one needed a manager and all the other key people it takes to staff a plant. Our policy is to promote from within. Thus we must recruit and train and develop a tremendous number of people to maintain our momentum.

Did you ever think about working anywhere but at Eaton?

Well, after three months as a production clerk I decided that this wasn't the job that would fulfill my aspirations. I obtained permission to attend an American Management

Associations meeting in Chicago at my own expense. I really went with the idea that perhaps I should look for another job.

One of the speakers was an employee relations specialist, and he really impressed me. When I got back to Battle Creek, instead of looking elsewhere, I decided to first see what I could do right there.

With World War II looming, there would be serious manpower problems developing for the company. I wrote a report incorporating some of my ideas and suggestions to deal with the matter, and submitted the report to the division manager. He promoted me into employee relations.

Since then, I've never had any reason to look outside of Eaton, but I suppose if that division manager hadn't been receptive to my proposal, I might have.

Wasn't there a situation some years later that similarly marked a milestone in your career—when you were given international responsibilities?

Yes. In mid-1959, I became director of sales, and was to succeed the vice president of sales at the start of the new year. During the six months that followed, I worked hard at becoming more familiar with the overall corporate structure.

As a result, I became interested in some of the things we had done in the past in terms of licensing foreign companies to turn out products Eaton had developed. Nobody seemed to be paying much heed to this, and it occurred to me that in some instances we had sold our technology pretty cheaply.

At the same time, there was tremendous economic growth, not only in Europe but also in many countries that at that time were underdeveloped. It was apparent there was a great future for many of our products in those markets.

I suggested to our chairman, John Virden, that Eaton choose an executive to head up the company's international operations—and proposed the name of an exceedingly capable senior officer.

As it turned out, the man I had proposed didn't want the job. Then, the chairman turned to me and said: "Since you think it is so important

that we get this job filled, how about taking it on?"

How did the job work out for you?

I spent the next seven years up to my ears in that job. With the full support of the company's top management, I think we established a good base. Today, about 30 per cent of our business is done outside the United States, and a third of our assets are invested in other countries.

You're one of the most outspoken of business leaders on the advantages of international trade. How did that interest develop?

Eaton has always been particularly conscious of the fact that world trade could be a most effective vehicle to promote world peace. Upon entering the world marketplace, we found there were great opportunities for business growth, and for better understanding between countries and people.

When various groups combined a few years ago in support of the Burke-Hartke bill, which would have severely restricted U.S. trade with the rest of the world, it became apparent there was a tremendous misunderstanding of what free trade meant.

If we restrict American involvement in world trade we undoubtedly would head for a world-wide economic collapse, because there is a great interdependence between countries. A barrier simply can't be built around any segment of the world community.

How do you organize your time as chairman of such a big, complex company?

Until recently, 10 people reported directly to me. There just wasn't enough time in the day to work with them all effectively.

About a year ago, we undertook a management reorganization which resulted in identifying and assigning responsibilities for four major areas of concern: world-wide operations, law and corporate relations, financial activities and corporate development. Key to the reorganization was the establishment of two committees of management.

The Executive Committee, com-

posed of five officers, is responsible for determining basic long-range objectives and adopting courses of action and allocating resources for achieving those goals. Our president, Paul Miller, is chairman of the Operating Committee. This group is charged with coordinating the daily operation of the company, as well as establishing and carrying out programs and procedures necessary to meet corporate objectives.

What do you like best about your job?

Seeing people make progress.

There are scores of examples, but let me cite the Eaton plant in Toluca, Mexico.

The land was purchased, following approval by the Mexican government, for the site of a new axle plant. There were no farms or ranches in the vicinity. It was barren ground about 25 miles from Mexico City.

The work force, which numbered several hundred young people, was totally unskilled. Their prior work experience consisted mainly of farming with primitive tools. All of them underwent short, highly intensive training programs. Within 12 months, these same young people were cutting gears and turning out axles, using highly complex manufacturing machinery and methods. In less than a year, they had bridged a centuries-old gap.

Seeing people move ahead at all levels is exciting. Men we recruited out of college 10 years ago are managing divisions today. It's hard to believe how fast time moves.

There are a score of things I like about my job. Frankly, I can't wait to get here in the morning.

How about the other side of the coin? What are the toughest aspects of running a company like Eaton?

I suppose the toughest part is communicating effectively. The larger a company gets, the more difficult it becomes.

And, while it's always marvelous to promote a person, it's pretty tough to tell someone that he's not cutting it. But sometimes it has to be done, and you lose a lot of sleep because there's always the chance that a man who didn't make it might have, if

he'd been given the right direction.

Or, there's the manager who's doing an outstanding job at one level and moves up beyond his capabilities. He falls on his face. How do you salvage him? How do you bring that person back into the organization so that he can again make a significant contribution and yet not feel he has been belittled?

You tried a new approach to employee relations in many of your plants. What happened there?

Over the years some traditional employment practices had given rise to an adverse industrial relations climate. Our new approach is based on the premise that everybody is entitled to full respect. We did away with such things as time cards and posted shop rules. All of our employees at these plants are salaried, and there are free, frequent and open communications.

How has it worked out?

The results have been somewhat fantastic. A real feeling of teamwork exists. Productivity is up at these plants. Absenteeism is practically nil.

This is the kind of spirit that's so terribly important today, and it's difficult to find it in the older urban industrial complexes. So many manufacturing plants in industrialized cities are obsolete or inefficient. On top of that, restrictive work practices that have flourished over the years result in three to five hours' work for a full day's pay and pretty good pay at that. Until labor and management can sit down and face up to the need for a new spirit, we aren't going to create the jobs and opportunities that are necessary to progress.

You've also set up a program to bring the business message to the general public in the communities in which you have operations, a program called Comm/Pro. What is that?

It stands for community communications program. Simply put, it's

Eaton people talking to the community about business and the free enterprise system, and, in turn, listening to the community's reaction.

How did it come about?

I had become concerned that people in general were either terribly misinformed or totally uninformed about our whole free enterprise system—and what it really means to this country. One of the consequences of this was the increasing extent to which anti-business forces were influencing legislative bodies to pass laws restrictive to business.

It's terribly important that the general public become well-informed, because these restrictions are like sticky tar on the heels of all Americans. Business should speed along toward achieving goals that benefit the entire nation, but today it can barely slog along. The innate healthiness of our system allows industry to produce well under most circumstances, but how long can it continue?

Public opinion is the grist of the political mill, and if it is down on business, the politicians will turn on business. That's why business has to be concerned with public opinion. It's up to us to inform the public.

Our aim should not be simply to save our jobs, but rather to preserve our American way of life. The free enterprise system is truly the foundation of that way of life.

Our program here at Eaton recognizes that business has a hell of a story to tell.

Why do you have that picture of the turtle, with the caption saying he only makes progress when he sticks his neck out, behind your desk?

That has been my philosophy. I think it is a good one.

Have you had to stick your neck out often?

Perpetually. END

REPRINTS of "Lessons of Leadership: Part CXV—E. Mandell de Windt of Eaton Corp." may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each.

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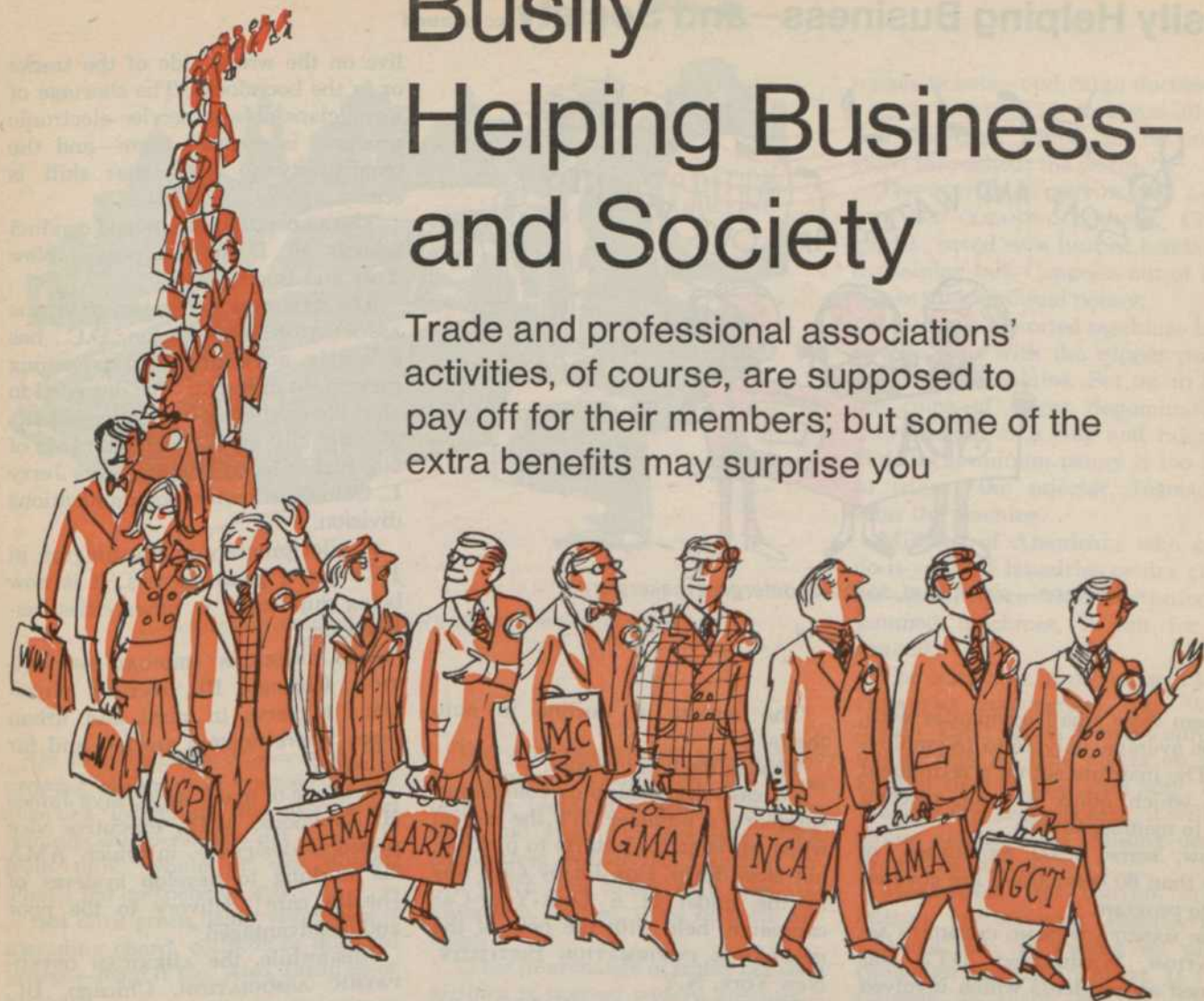
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Busily Helping Business—and Society

Trade and professional associations' activities, of course, are supposed to pay off for their members; but some of the extra benefits may surprise you



ILLUSTRATIONS: LEO HERSHFELD

*Soap and water are my friends,
My two good friends are they,
Because they help to wash my
hands*

*When I come in from play—
And when my hands are very
clean,
They help to wash my face,
And then I take the soap and put
it right back in its place!*

That may not sound like a Tin Pan Alley hit to you, but in some circles, "Soap and Water Are My Friends" is a very popular ditty.

It's one of 10 tunes on a 45-rpm record that the SOAP AND DETERGENT ASSOCIATION, New York, N.Y., sent to some 4,000 Head Start groups. Teachers find it helps a lot to drill personal hygiene into the prekindergarten set.

It's just one example of what this

association does to help minority groups adjust to urban society.

"Of course," as one executive puts it, "the main purpose of any trade or professional association is to serve its members."

But, in so doing, they almost inevitably serve the public interest as well.

To get an idea of what such groups are doing, NATION'S BUSINESS asked a cross section of the trade and professional associations to tell us about some of their notable activities.

Hundreds of them replied. They are very busy, indeed.

Few aspects of American life are not touched by them. They are teaching ghetto dwellers how to keep house, architects how to build with concrete block, consumers how to cope with inflation.

Space does not permit us to describe all of these activities which make such a great contribution to life in the United States.

However, here are a few which indicate the scope and nature of the services these voluntary associations perform:

The DISTILLED SPIRITS COUNCIL OF THE UNITED STATES, INC., Washington, D.C., actively promotes temperance and discourages drinking while driving. The theme of its campaign: If you choose to drink, drink moderately.

"We think we've made a solid contribution to our industry," says Malcolm E. Harris, president, "and to society, too."

The TOOL & DIE INSTITUTE, Chicago, Ill., saw a need for a pension plan that member firms could afford. Most

Busily Helping Business—and Society *continued*



Hygiene—sing it loud, soap and detergent makers urge.

of them were small companies with, on the average, only 15 to 18 employees. The institute set up a retirement trust which offers a basic pension plan to member firms.

Now, some 1,200 employees, of more than 60 companies, are covered by the program.

The MANUFACTURING CHEMISTS ASSOCIATION, Washington, D.C., was alarmed at accidents which involved the spill of dangerous chemicals in transit. Three years ago, the association launched CHEMTREC—Chemical Transportation Emergency Center. It operates around the clock, seven days a week.

When an accident occurs, police or shipper personnel can place a toll-free call to CHEMTREC for advice on how to minimize risk to the public from a spilled cargo.

Helping youngsters

Crime is a serious social problem that Americans today place high on their list of evils to be corrected.

Many youngsters get their first introduction to it by theft of an auto—often, in their minds, a mere prank.

In Jersey City this summer, crime took—if not a holiday—at least a breather.

While felony rates rose elsewhere, they dipped in the New Jersey metropolis, across the Hudson River from Manhattan.

The reason: A decline in auto thefts.

That in itself is unusual.

To casualty insurance companies, summer's a bummer. It's the season when car snatching starts to pick up, not slow down. But Jersey City was in the midst of a Lock-Your-Car campaign, held with the help of the INSURANCE INFORMATION INSTITUTE, New York, N.Y.

During the two-month drive, citizen volunteers looked for unlocked cars parked at curbs or in parking lots. They found thousands of them—and tagged each with a bright, fluorescent sticker that reads: Prevent Theft—Remove Keys and Lock Car.

The statistics attest to the drive's success.

In all, the institute has helped conduct similar campaigns in more than 400 American cities and towns.

Many associations devote energy, time and money to helping youngsters.

The NATIONAL SCHOOL SUPPLY & EQUIPMENT ASSOCIATION, Arlington, Va., is working to make the nation's schoolyards safer for play. "We have been acting as a catalyst between the government and industry," it says, "for the development of a safety standard for playground equipment."

The ELECTRONIC INDUSTRIES ASSOCIATION, Washington, D.C., offers vocational training, aimed at kids who

live on the wrong side of the tracks or in the boondocks. The shortage of technicians able to service electronic products is greatest there—and the opportunity to learn that skill is scarce.

The association has helped conduct schools in Detroit, Chicago, New York and Boone, N.C.

The NATIONAL PAINT AND COATINGS ASSOCIATION, Washington, D.C., has a widely acclaimed lead poisoning prevention program. "It's designed to alert the public, particularly residents of inner city areas, to the hazards of old, highly leaded paint," says Jerry L. Colness, director, communications division.

A pilot program in Washington in 1973 was a great success. It is now being duplicated in other cities, nationwide.

The AMERICAN MEDICAL ASSOCIATION, Chicago, Ill., recruits physicians to serve in rural and urban areas where doctors are few and far between.

It is one of many ways, says James H. Sammons, M.D., executive vice president-designate, in which AMA "is working to develop systems of [health care] delivery to the poor and disadvantaged."

Meanwhile, the AMERICAN OSTEOPATHIC ASSOCIATION, Chicago, Ill., works at increasing the supply of osteopathic physicians generally, and at improving their image in the eyes of government and the public.

Serving the public

Out on the West Coast, the BAY AREA GROCERS ASSOCIATION, INC., Oakland, Calif., is doing its best to help consumers cope with rising food prices. Daily, radio stations in the San Francisco area air its tips on diet and thrifty shopping.

Grandma never had "tired blood," one points out, and neither did her family. She cooked in heavy cast-iron pots that "added a little extra iron to every meal, safely and naturally." Iron deficiency is a modern problem.

To lick it, you can eat meats such as liver or kidneys, the association points out, but if these are sky-high, or not to your taste, try other good sources of this essential mineral. Like dried apricots, dates and figs—or shellfish or lima beans.



Gasoline and alcohol, distillers caution, make a bad mix.

Or take calcium. It's a must for growing children, of course, but it's also one for adults, the association reminds shoppers. You get a lot of it from milk, whole or dry nonfat. That's the inexpensive way.

But dark green, leafy vegetables—including chard, collards or mustard greens—have it too. Also, sardines or almonds.

The message is this: You can have a healthy diet and not spend an arm and leg at the check-out counter.

"We're looking for ways for grocers to show customers that we're concerned about the dollars they spend," says Stanley F. Johnson, executive director, "and the nutrition they get from these dollars."

Looking out for the public is a common concern.

The AMERICAN FROZEN FOOD INSTITUTE, Washington, D.C., also does a great deal of consumer education work, including a "Mark of Zero" campaign which it has launched to remind homemakers of the right temperature for their freezers.

The NATIONAL CONSUMER FINANCE ASSOCIATION, Washington, D.C., has pioneered in teaching people how to make their dollars stretch. Its film program on planning your personal finances has been seen by more than 21 million students in 195,000 schools.

The AIR TRANSPORT ASSOCIATION OF AMERICA, Washington, D.C., has taken a hand in making flying no muss, no fuss. For example, ATA committees worked out a system under which one ticket will take you anywhere, on two, three or more airlines.

"This interchange of traffic between airlines is now so widely accepted," the association points out, "that pas-

senger tickets—and cargo documents—carry information in a special airline 'language' which can be understood throughout the world."

The NATIONAL AUTOMATIC LAUNDRY AND CLEANING COUNCIL, Chicago, Ill., saved us a host of headaches by helping talk Congress out of issuing an all-aluminum penny.

Most coin-operated machines know how to cope with the copper penny, the council explains. Set up to handle coins of larger denominations, they treat it as a slug and reject it. But the aluminum penny is too light to trigger the rejector. Instead, it jams the machine.

Millions of Americans who go to do-it-yourself laundries or dry cleaners would face the frustration of jammed machines, if not for the council.

The NATIONAL TIRE DEALERS & RETREADERS ASSOCIATION, INC., Washington, D.C., wants to make sure the public gets no bum steers on what kind of tires to use—and why. Over the next few years, it says, it will put strong emphasis on training dealers to provide advice.

Meanwhile, the UNITED STATES LEAGUE OF SAVINGS ASSOCIATIONS, Chicago, Ill., is waging an all-out campaign against inflation. It urges citizens, in print and on TV, to spend less and save more—and to



Locked cars, insurers remind us, will foil crooks.

Busily Helping Business—and Society *continued*

demand that Congress do likewise.

The NATIONAL ASSOCIATION OF GREETING CARD PUBLISHERS, New York, N.Y., has risen to the defense of the 10-cent stamp. It vigorously opposes a hike in first-class postal rates. "We do have a vested interest," the association says, but points out that it's the public that gets clobbered.

Thanks to the TEXAS GOOD ROADS ASSOCIATION, Austin, Texas, motorists can spin along the state's 70,000 miles of state highways burning gasoline with the lowest state tax—5 cents a gallon. The association sponsored legislation which created the Texas Highway Department.

The SHOE SERVICE INSTITUTE OF AMERICA, Chicago, Ill., encourages pride in workmanship. It awards each year a foot-high silver cup to the shoe repairman who demonstrates the greatest skill at his craft.

As for the NATIONAL ASSOCIATION OF REALTORS, Chicago, Ill., it's pushing a "Let's Green America" program for tree plantings and mini-parks. In Texarkana, Ark., local realtors gave 3,000 free pine seedlings to the public.

The NATIONAL MACARONI MANUFACTURERS ASSOCIATION, Palatine, Ill., has made one of our favorite foods more abundant—and more nutritious. We now eat twice as much pasta—

macaroni, noodles, spaghetti—as we did 25 years ago.

It's made from durum wheat. Most of the world's supply comes from a few states in the upper Midwest. Research sponsored by the association has led to strains that are hardier, more nutritious and give bigger yields.

Holding down food costs

Americans spend a smaller part of their income on food than any other people in the world. Groups like the CALIFORNIA TRUCKING ASSOCIATION, Burlingame, Calif., are one of the reasons.

In their fertile fields, California farmers grow much of the nation's supply of fresh fruits and vegetables. Tomatoes, lettuce, beets, asparagus—all pour out of this sunny cornucopia.

And that's the rub.

With modern farming methods, and mechanized harvesters, crops are bigger than ever and ready to ship in a shorter time.

Tomatoes, for example. Once, it took three weeks to a month to pick a smaller crop. Now, a bigger one may take two weeks.

Thus, California farmers ran into a bottleneck. Truckers couldn't handle the avalanche of perishable products that hit them all at once.

Part of the problem were federal

limits on how much weight giant tractor-trailers are allowed to carry.

"These limits were frozen back in 1956, when the federal defense highway program got in high gear," says California Trucking Association President William W. Applegate. "Those on the West Coast are lower than in many other states—because of a grandfather clause when the limits were set."

But the association had an idea.

Would the authorities O.K. a temporary weight increase to help save a valuable, perishable crop?

The answer was Yes—during the harvest season.

Not only did the carriers get in the crop. This year, and last, they saved 17 per cent on fuel—a boon to an energy-short nation.

The GROCERY MANUFACTURERS OF AMERICA, INC., Washington, D.C., has done its bit, too.

It used to take eight to 14 days to ship perishable food from the West Coast to the East. Shippers worked with railroads to speed up that long, expensive haul. Now, "unit trains" highball produce to East Coast supermarkets, shaving four days off the transcontinental trip.

The result: Less spoilage, lower costs, and money saved for the industry—and consumers.

One way to cut food bills is to cut operating costs at the supermarket.

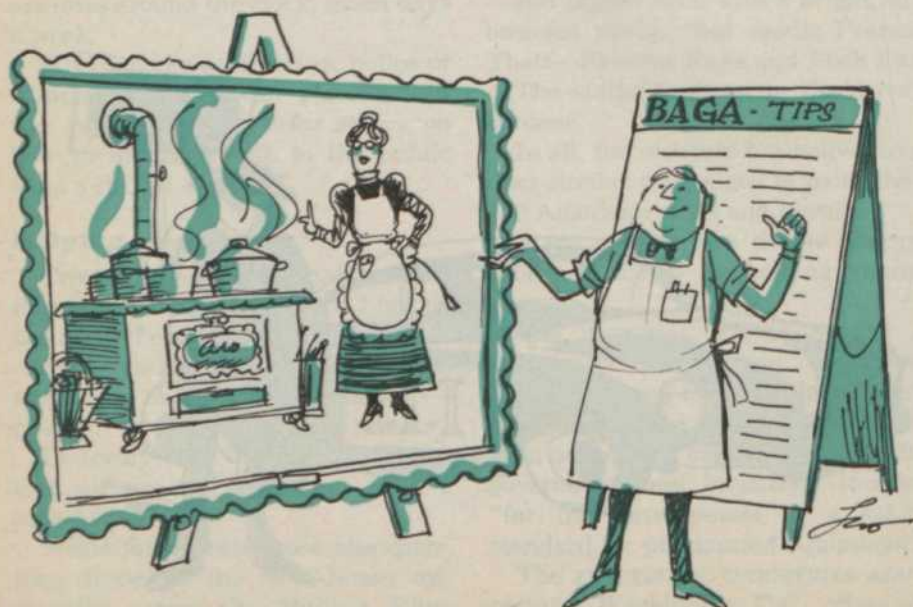
The NATIONAL FLEXIBLE PACKAGING ASSOCIATION, Cleveland, Ohio, with others, has developed a way to make checking out quicker and error-free.

In the near future, clerks will simply pass over a scanner the items the shopper buys. The scanner will read a code that identifies each item by kind, size and manufacturer. Each of the hundreds of thousands of items sold through supermarkets will carry its own individual symbol.

A store's computer will determine today's price and ring up that amount on the clerk's cash register.

To make this possible, food manufacturers must follow a Universal Product Code.

"The code," says another group that has helped in the effort, the NATIONAL ASSOCIATION OF RETAIL GROCERS OF THE U.S., INC., Oak Brook, Ill., "is an accomplished fact."



Grocers' advice: Take a tip from Grandma for good nutrition.



Thrift can whip inflation, S&L's say.

"Most grocery product manufacturers are not discussing whether they will mark their products, but how and when."

Next to food on any list of priorities are shelter, heat and light. America's public utilities face monumental problems in fulfilling their share of social responsibility in the latter two areas.

Meeting our power needs

The EDISON ELECTRIC INSTITUTE, New York, N.Y., has thought hard about how to assure Americans of an adequate supply of electricity for such purposes as lighting and heating their homes and running their factories.

Along with clean fuel, the utilities are short of money. They need it badly to build the multimillion-dollar generating plants required to meet growing demand for electric power.

But money, for utilities, is as scarce as low-sulfur oil. To get it, they must borrow capital, at reasonable rates, or sell stock.

In today's America, plagued with double-digit inflation, the cost of borrowing has been prohibitive. And with Wall Street a wailing wall, floating a new stock issue has been like walking on water.

So the institute financed a study of how utilities can raise the capital

they need. The result: "Financing the Electric Utility Industry," a scholarly report that has helped open White House and Congressional eyes to the problem's dimensions.

Conserving energy is a top priority of many associations.

The NATIONAL ASSOCIATION OF ELECTRICAL DISTRIBUTORS, New York, N.Y., has sent its members a slide presentation called: "How Business

Can Cut Fuel and Power Costs." With it goes a list of 100 energy-saving tips.

The AMERICAN PETROLEUM INSTITUTE, Washington, D.C., for the past year has held a series of briefings for heavy users of energy, other business leaders and the press. The message: How energy production and the national social, economic and environmental goals go hand-in-hand.

The public, too, can do a lot to make a costly resource go further.

Many associations are showing how.

The NATIONAL LP-GAS ASSOCIATION, Chicago, Ill., has distributed to more than 500,000 consumers a brochure that lists ways to save fuel in cooking, home-heating, water-heating and in the laundry. The group, representing the liquefied petroleum gas industry, has furnished similar material to 8,000 daily and weekly newspapers.

The AIR-CONDITIONING AND REFRIGERATION INSTITUTE, Arlington, Va., has performed a similar service. Its booklet, "Save Energy, Save Money and Keep Your Home Cool and Comfortable," gives common-sense ways to cut air-conditioning costs.

The AMERICAN HOTEL & MOTEL ASSOCIATION, New York, N.Y., and its members are waging a nationwide



Realtors want to make America greener.

Busily Helping Business—and Society *continued*

crusade against energy waste. More than 250,000 cards in rooms remind guests to switch off lights and TV sets, when not in use, and follow other conservation measures.

Goal: To create "a climate of awareness," says Paul Handlery, president, "of the urgent need to conserve all forms of energy."

Many associations have gone to bat with the Environmental Protection Agency—and thereby protected the public interest.

The INTERNATIONAL COUNCIL OF SHOPPING CENTERS, New York, N.Y., monitored shopping-center air quality and traffic flow. It showed these malls aren't major contributors to air pollution. Furthermore, by offering one-stop shopping, they actually cut down on driving.

The INTERNATIONAL FABRICARE INSTITUTE, Joliet, Ill., is working on a way to live with EPA rules for wastewater. The association, a research and education center for professional laundries and dry cleaners, has made a grant to the Army to research the problem.

This is a case of man biting dog.

"Usually," the association says, "the government makes grants to private industry."

To meet EPA standards, it adds, the industry must perfect water treatment methods "not yet in exis-



Higher postal rates? Greeting card makers reply: Take that!

tence." But there's a happy ending ahead. "The study," it says, "shows real promise of providing a workable system that any laundry could install."

The MOTOR AND EQUIPMENT MANUFACTURERS ASSOCIATION, Teaneck, N.J., finds it spends "a great deal of time, money and effort" negotiating with "the massive federal bureaucracy." For its members, this is a mat-

ter of life or death. Unchecked, it says, EPA could put many independent equipment makers out of business. And that, too, affects the public. Competition is the key to lower costs and higher performance.

Others have bent lawmakers' ears to work toward cleaner air—but not at crippling costs in fuel or jobs.

The NATIONAL COAL ASSOCIATION, Washington, D.C., rose to the emergency when the nation was hit with the Arab oil embargo. To cope with the national fuel shortage, it warned, two things would have to be done at once:

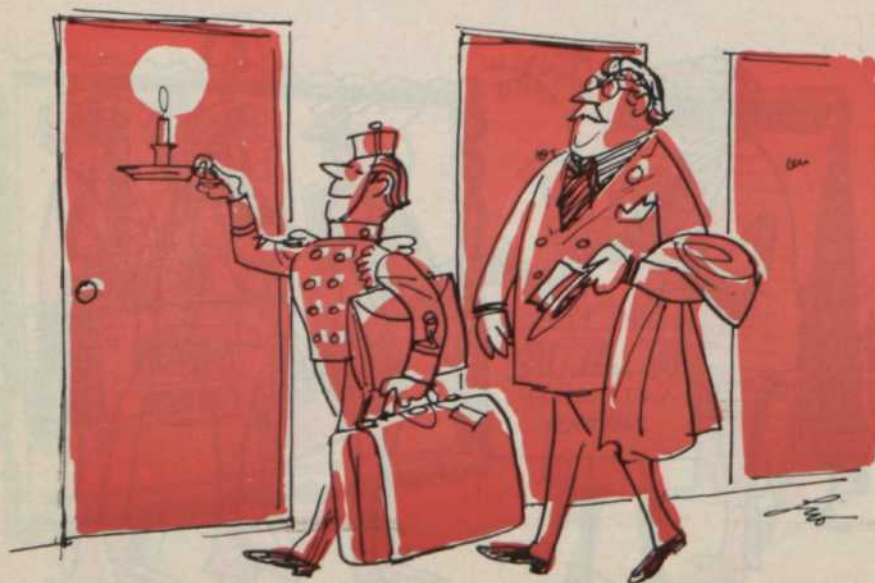
- Relax emission controls on coal-burning plants, if other fuel is not available or in short supply.
- Order conversion of power plants from oil to coal, where available, if clean air standards can be met.

This summer, Congress enacted both reforms into law.

Earlier, the ASSOCIATED INDUSTRIES OF MASSACHUSETTS, Boston, Mass., went to court to bar what experts said were wasteful antipollution regulations.

"We had a valid case," the association says. The rules were "going to cost every consumer in the state and add millions to industry's fuel and power costs."

The group lost, but feels its effort was worthwhile.



Waste not, want not is the motto of energy-saving innkeepers.

"What single company," asks Robert A. Chadbourne, president, "wanted to get branded in the newspapers and on the evening television news as being against clean air? That, certainly, was the way many people in the media were going to view such an action."

But not all such missionary efforts fail.

Saving consumers a bundle

Would air bags in autos cut the highway death toll?

The Department of Transportation

thinks so. Granted, these so-called "passive restraints" are expensive.

They'd add about \$250 to the price of a new car. For nine million autos—about the number Detroit may sell this year—that's \$2.3 billion. Lap and shoulder belts, mandatory now, cost an extra \$100 each. Or, in toto, \$900 million.

The difference to the American motorist: An extra \$1.4 billion a year.

So what, DOT argues; the motorist would be safer. In August, it proposed that we switch from belts to

bags. Then it sat back to wait for comment.

The MOTOR VEHICLE MANUFACTURERS ASSOCIATION OF THE UNITED STATES, INC., Detroit Mich., had some to offer.

It had been running a continuing in-depth study of auto safety. Its research showed that:

- Belts give far more protection in some accidents—like side collisions.
- Air bags aren't fully effective at all, unless motorists are perfectly positioned behind them.

Congress later laid down the law:

"A CORNERSTONE OF OUR FREE ENTERPRISE SYSTEM"

President Herbert Hoover threw bouquets at them.

So did Supreme Court Justice Louis D. Brandeis.

The objects of their praise were America's trade and professional associations.

"Their voluntary forces," said Mr. Hoover, "can accomplish more for our country than any spread of the hand of government."

"A trade association is . . . an organization for mutual benefit, which substitutes knowledge for ignorance, rumor, guess and suspicion," said Justice Brandeis.

The passage of time since those comments were made has seen no reduction in such groups' merits.

Association executives today stress that in union there is strength.

"No business, industry or profession can stand alone," says Robert A. Chadbourne, president, Associated Industries of Massa-

chusetts. "The problems they face are not only immense; they are incredibly complex. To make an impact, have a voice or just simply cope, a trade association has become a modern imperative."

The trade association, adds Tom House, president, American Frozen Food Institute, provides "representation on a broader and more effective basis than individual firms are capable of separately."

"It sets the guidelines for the exchange of experience and knowledge, as well as for collective response to common problems, out of which grow industry strength and stability," Albert Sussman, executive vice president, International Council of Shopping Centers, points out.

And, observes O. Ray Hurst, president, Texas Hospital Association, "Trade associations are a cornerstone of our free enterprise system. They give leadership and

direction to business, industry and government in many areas of endeavor."

"This is how we discern our role and value," says Malcolm E. Harris, president, Distilled Spirits Council of the United States, Inc.

"One, there is self-regulation—voluntary compliance with a code of good practice. Second, there is our national information program, which encourages those who drink to drink responsibly." In addition, he says, the Council provides marketing data to members and cooperates with regulatory agencies.

J.D. Capps, executive vice president and general manager, National L-P Gas Association, sums it up like this:

"A successful association will be an instrument of change and aid its members in their adaptation to changing conditions and circumstances."



Mr. Chadbourne



Mr. House



Mr. Sussman



Mr. Hurst



Mr. Harris



Mr. Capps

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Busily Helping Business— and Society *continued*

No air bags, it told DOT, unless we approve.

The ASSOCIATION OF AMERICAN RAILROADS, Washington, D.C., has devised a way to keep tabs daily on two million freight cars. Some are on the move over 330,000 miles of track in the United States and Canada. Others are in switching yards, repair shops or being loaded.

AAR's information system saves the U.S. economy a bundle.

"If the railroad industry had to handle the present record level of traffic at former usage rates," an AAR official says, "it would need 337,000 more cars—at a cost of \$6.4 billion."

The AMERICAN TRUCKING ASSOCIATIONS, INC., Washington, D.C., has helped the law crack down on thieves. The ATA educational film, "The Hijackers," has been translated into four languages for use at international meetings in Europe.

And in 15 major U.S. cities, cargo security teams, formed with ATA's help, are hard at work. Their goal: Better ways to prevent thefts and nab thieves.

Few associations aren't deeply involved in helping members comply with—and understand—the Occupational Safety and Health Act's voluminous regulations.

Safety for employees is a major preoccupation.

The NATIONAL ROOFING CONTRACTORS ASSOCIATION, Oak Park, Ill., has prepared a detailed guide to OSHA regulations, as well as posters and booklets to help the industry live with them, and improve its safety record.

The AMERICAN INSTITUTE OF STEEL CONSTRUCTION, INC., New York, N.Y., worked for two years to develop a Fabricator Shop Safety Standard which awaits OSHA's stamp of approval.

The FORGING INDUSTRY ASSOCIATION, Cleveland, Ohio, persuaded OSHA to consider "the state of the art"—sometimes translated as what's humanly possible—when spelling out what shops must do to cut down noise. "Without that recognition, at least 10 forge shops would now be closed," the association notes.

Forges are unavoidably noisy places. But soft drink bottlers have

some problems with noise, too. The NATIONAL SOFT DRINK ASSOCIATION, Washington, D.C., made a special study of noise level common in soft drink manufacturing processes—and recommended ways to deal with them.

The Cumberland Valley Chapter of the ASSOCIATED BUILDERS AND CONTRACTORS, INC., Hagerstown, Md., has two federally trained instructors on its staff to conduct OSHA courses for its members.

It's a case of root hog or die, association executives point out. And it isn't easy, one adds, "to beat City Hall."

Not easy, perhaps, but it can be done. Witness the case of an enterprising Texas association.

Untangling the red tape

If you lived in Ft. Stockton, Texas, you'd be up a creek without Memorial Hospital. It's the only one in this town of 8,283, or for 40 miles around.

Yet, for a while, it was on the verge of a crackdown by Washington.

No complaints about the medical care at the small, 26-bed institution. Just a case of tripping up on federal red tape.

To admit Medicare patients, hospitals must meet a flock of rules laid down by the Health, Education and Welfare Department in distant D.C.

"Makes no difference whether you have 1,000 beds—or 10," says Roy Ayers, coordinator of services, TEXAS HOSPITAL ASSOCIATION, Austin, Texas. "HEW's rules are the same for both."

"One says the medical staff must be organized under written bylaws and have a half-dozen separate committees."

So here was Memorial Hospital's problem. It had only three or four doctors on its tiny staff—not enough to go around.

Happily, the association was able to save the day. Its solution: Organize the staff into a committee of the whole. Have it take up each committee's work in turn. Keep detailed minutes of the meeting to show that they did so.

HEW, it turns out, will buy that.

Moral: Where there's a will, maybe there's a way. **END**

PANORAMA OF THE NATION'S BUSINESS

By VERNON LOUVIERE
Associate Editor

A "Living Museum" of Free Enterprise

The sign at Liberty Village, a recreated bit of the Eighteenth Century in Flemington, N.J., reads: "Where business and history work together to demonstrate the free enterprise system at work."

Another sign proclaims: "Free enterprise began in the Eighteenth Century with craftsmen who had pride in their work, made quality products, priced their products competitively, made a profit and reinvested profit for growth (just the way it's supposed to work today)."

Two years ago, business executive Theodore C. Merritt Sr., shunning public funds or foundation grants, opened Liberty Village as a place where history would be used to explain business' role in our national success.

Starting with an abandoned brickyard (he's head of a company that buys and sells bricks) and his own money, Mr. Merritt created a 14-acre "living museum" in which craftsmen—gunsmiths, glassblowers, wood-



George Benson, a onetime New Jersey Teacher of the Year, now runs special programs at Liberty Village.

workers, candlemakers, weavers—turn out replicas of products which helped launch the young republic on the route to industrial greatness.

These products, sold to visitors as well as to prestige outlets like Washington's Smithsonian Institution and New York's Metropolitan Museum, help finance Liberty Village, along with modest admission charges which an estimated 200,000 persons are paying this year.

Mr. Merritt hopes to make a profit. Liberty Village lost money in its first two years, but is now turning the corner, and he thinks it will do well

during the bicentennial celebration.

"We are attempting to make history a business," he says, "in order to actually practice what we preach" about free enterprise advantages.

He has invited U.S. industries to participate in the Liberty Village project so that they may tell—in interesting but low-key fashion—how individual industries originated, struggled and prospered under the American system.

"History builds pride of country," says Mr. Merritt. "It is time to reawaken a sense of national pride—and pride of individual industry." •

Extra Benefits: a Two-Way Street

Companies spend millions of dollars on employees' extra benefits. The employees benefit, but do the companies?

Like many firms, Shell Oil Co. has spelled out what its extra benefits are in reports to employees—in Shell's case the spelling out is done in a booklet known as the "Red Book."

However, after consulting with Benefacts, Inc., a Baltimore, Md., firm which specializes in communicating information about employee benefits, Shell Oil decided that it was not taking enough credit for the extras it provides for those who are on its payroll.

"We had to be realistic," says William Jerram of Shell's Policy & Benefits Department. "We know most employees don't read the 'Red Book' from cover to cover. If they want to know something, they turn to a particular section, or they ask someone. So how many have a good mental picture of the overall program and how much it means to them, we don't know."

When a new "Red Book" came out this fall Shell employees got another view of the benefits program. Says Benefacts:

"It makes clear to employees the amount of their 'invisible paychecks'. It assures them management is sincerely concerned with their well-being, and with that of their families."

The new booklet enables employees, with a minimum of pencil work,

to prepare a simple one-page summary of their potential benefits in dollars and cents.

"We want to make sure the company benefits as well as the employee from the benefit program," Mr. Jerram explains. "How would you feel if you were spending \$153 million on various programs, and someone suggested your employees may not appreciate it because you've failed to tell them what they should know?"

Shell now stresses that these benefits are possible only because they are tailored for its thousands of employees as a group.

"Even if you had the money," says Mr. Jerram, "there's no way you could go out and duplicate these benefits on your own." •

continued on next page

Thriving on Giving You Tomorrow Today

When some German spies were captured as they landed on Long Island early in World War II several were carrying a little yellow booklet—*The Old Farmer's Almanac*.

Among other things, they were aware of the annual publication's reputation for having an uncanny ability to predict the weather.

The *Almanac* has had many devoted fans over its 182-year history and today, surprisingly, despite the decline in the number of farmers in America, it has increased its print order from three million last year to four million.

Although it contains a wide range of reader information, offered in a format that never changes, the booklet's somewhat unscientific long-range daily forecasts seem to be its most appealing feature.

Numerous mothers of brides-to-be set daughters' wedding dates on the basis of clear weather forecasts by *The Almanac*. A Wall Street broker bought a soft drink stock when a hot, thirsty summer was predicted, and a weather scientist at Massachusetts Institute of Technology confessed he carried an umbrella on the basis of

An Eighteenth Century house and two barns were joined to create publishing offices for The Old Farmer's Almanac. A church is next-door.

what *The Almanac* stated about a day.

One can properly wonder how *The Almanac*—oldest continuous publication in the United States—not only survives but thrives at a time when more than 70 per cent of Americans live in urban areas.

"Well, there's a back-to-nature kick, for one thing," says the current publisher, New Hampshire State Sen. C. Robertson Trowbridge. "There is a trend toward simpler, more natural things. More people are planting gardens. The space program has developed interest in astronomy. A lot of people are on the water now and they want to know about tides. Information on all this is contained in *The Almanac*."

Abraham Lincoln, as a struggling lawyer, used *The Almanac* to win a murder case. Evidence damaging to his client indicated the moon was so bright at the time of the crime that

the murderer could easily see his victim. Mr. Lincoln pulled out a copy of the publication which showed that the moon was "riding low" on the evening of the slaying.

"The real secret of *The Almanac* could be based on the word 'cycles,'" says Mr. Trowbridge. "What these cycles are and how they run will remain our secret, but there is a scientific basis for cyclical weather phenomena and we follow that basis."

Perhaps the best description of *The Almanac's* attraction was given by Mr. Trowbridge's predecessor and father-in-law, the late Robb Sagen-dorph:

"The charm of *The Almanac* is . . . it gives you tomorrow in the clothings of the beloved past, and are we not a people who love our old traditions at the same time that we want tomorrow today?" •

PHOTO: STEPHEN T. WHITNEY



A Company Profits From Pride in Its Products

Leopold Stokowski, Lucille Ball and Jim Arness have something in common—personal knowledge that the lifetime guarantees on A.T. Cross Co. pens and mechanical pencils are everything the manufacturer claims they are.

And the Cross Co., for its part, is convinced that word-of-mouth reports about the guarantees sell a lot of writing instruments. This year it is spending \$488,000 on free repairs and replacements, versus \$600,000 for advertising.

Cross not only returns a customer's pen or pencil in top working order at no cost but underwrites shipping and handling charges, assures repairs virtually overnight, and adds a cheer-

ful "glad to be of service" postscript to each mailing.

Customers using the Cross guarantee for the first time are frequently surprised at the quality and quickness of service, as hundreds of letters to the firm attest.

Cross does not question the condition of pens and pencils sent in for repair. Some are chewed by puppies, others are sent hurtling around washing machines or used to tamp pipe tobacco. Still others are recovered from fishing streams.

At the company's Lincoln, R.I., plant, a sense of workman's pride shows through. There are no regular coffee breaks (employees use discretion) and no time clocks. Absenteeism is low and productivity high. Turnover is minimal.

The company was founded in 1846 by English immigrant Alonzo T.

Cross, who ran it for 70 years before selling out to Walter R. Boss. Cross has been in the Boss family for three generations.

Cross has been growing at the rate of 20 per cent a year. Sales jumped from \$4.8 million in 1964 to \$31.8 million last year. Profits rose tenfold.

"We are growing so rapidly we have no time to go into other lines," says Russell A. Boss, executive vice president and a grandson of Walter Boss. "We experimented with lighters some time back, but the quality wasn't there so we dropped them."

Cross went into the export market in 1960, and exports represent 25 per cent of its business today. Its customers include a Middle Easterner who bought 48 solid gold sets selling for between \$300 and \$500 and had them engraved simply: "The Sultan of Oman." •

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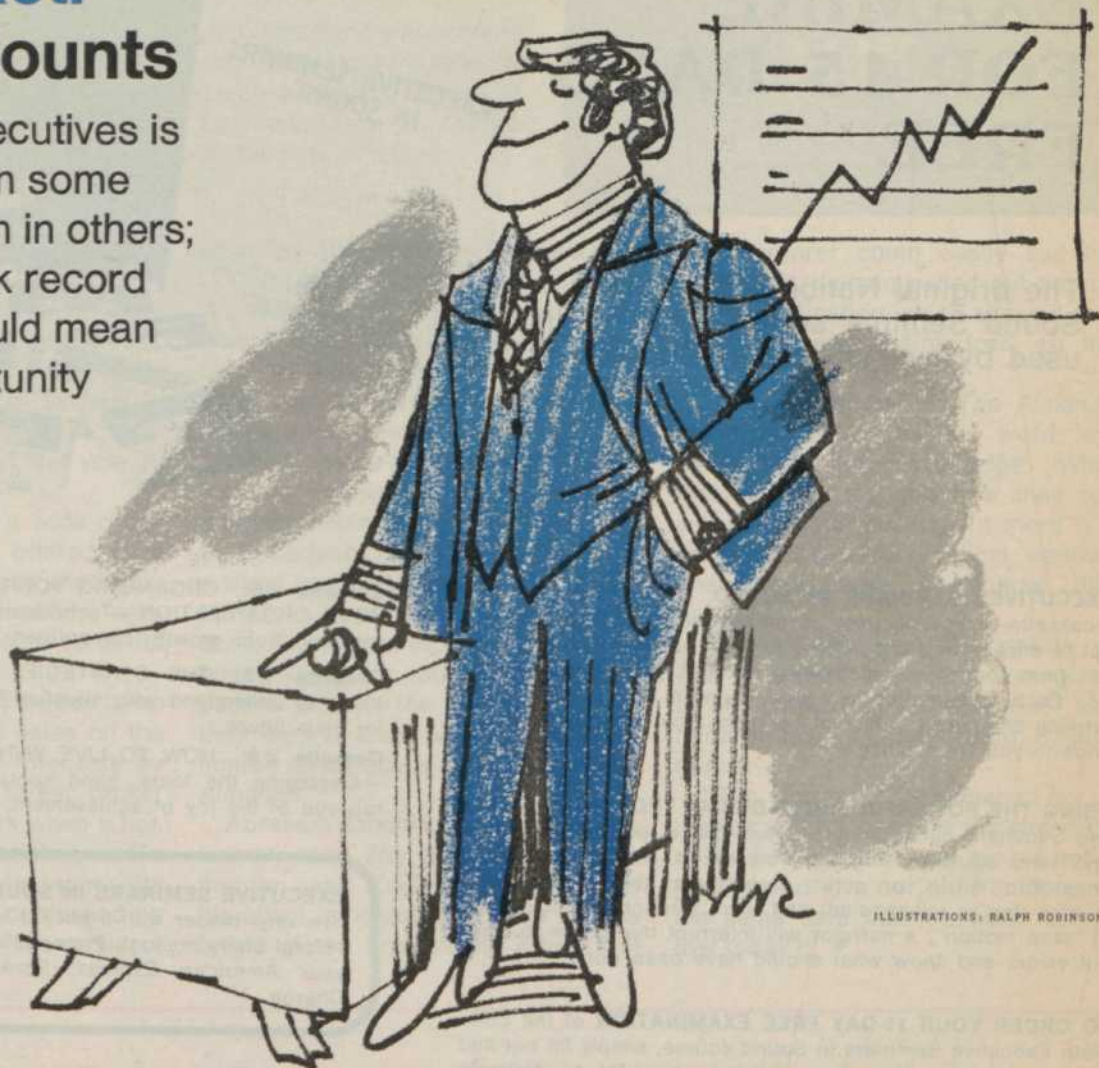
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The Managerial Job Market: Quality Counts

Demand for executives is seen going up in some industries, down in others; but a good track record in any field should mean plenty of opportunity to move



ILLUSTRATIONS: RALPH ROBINSON

Last June, William R. Hartman was elected president of Interpace Corp. by its board.

He is typical, recruiters say, of the kind of executive in most demand today. He had been president of Grinnell Corp.—an IT&T subsidiary—for four years. In that time, he had boosted its sales and doubled its profits.

Bill Hartman, a graduate of Case Western Reserve University, also had broad background in marketing, corporate planning and consulting. In addition, he is young (45) and a self-starter.

But what really made him a top choice was his track record at Grinnell.

"Corporations today," says H.

Wardwell Howell, chairman, Ward Howell Associates, Inc., a New York-based search firm, "are putting more emphasis on executives who know how to read that bottom line.

"They want men who have profit and loss responsibility—and a record of profitable operation."

Why did Interpace go out and look for a Bill Hartman?

"For the same reason that many corporations now are looking for outside talent," says George H. Haley, president, George Haley Associates, Inc., who found the firm its new president.

Interpace is a solid, 60-year-old company with plants in the United States and abroad. Its headquarters are in Parsippany, N.J., not far from

where it was founded. It makes clay and concrete pipe, porcelain insulators, china, crystal, refractory brick—and a lot of other products.

The company was not in a rut.

"It was not a turnaround situation," says President Hartman. Between 1967 and 1973, Interpace acquired four other firms and upped sales from \$142.7 million a year to \$211.8 million.

But it wasn't setting the world on fire, either.

Income was rather flat. Earnings per share varied from \$2.01 a year to \$2.47.

"It was the kind of company that had made no major mistakes," one executive comments, "but it had rather passive top management."

Interpace's blue-ribbon board—a group that includes six past or present board chairmen or presidents of major U.S. corporations—decided it was time for a change. It installed one of its own members as an interim president. Then it asked Haley Associates, a New York search firm, to find a permanent replacement.

His firm was chosen for the job, Mr. Haley explains, "because Board Chairman John F. Betts knew what we did for Monsanto."

John W. Hanley, president, Monsanto Co.—like Thomas F. Willers, board chairman and president, Champion International Corp.—is one of many high-level executives whom Haley Associates has recruited for corporate clients.

Interpace wanted a young, professional manager with proven experience, who could give leadership to the company.

Why did Bill Hartman take the job? For the same reason many executives are willing to switch jobs—even good ones.

"I felt that I had achieved a lot at Grinnell," he says, "but it was still just a subsidiary of a much bigger corporation. I think every business executive wants to build his own great company."

"And that's what I want to do."

Despite the gloomy business outlook, unemployment lines aren't beckoning executives. Or at least the Bill Hartmans.

A lot of switches

"We see a modest increase in demand for executives in 1975," says Heidrick and Struggles, Inc., a big international search firm. "That increase, not to exceed 10 per cent, will result primarily from a replacement market, rather than from creation of new positions."

"Following a four-year high in late summer of 1974, demand leveled off in October and continued steady through the close of the year."

"More executives than usual will

move from their present industry into a different one during 1975, as they recognize their own progress can be blocked by the fading fortunes of a sluggish industry."

"Those industries which should evidence a strong demand for executive talent include:

"All energy-related fields—petroleum, electronics and some chemical companies.

"Agriculture and agri-chemical firms.

"And banking, which is entering an expansionary and increasingly competitive period. Banks will be looking both inside and outside their ranks for talented managers."

What industries will be good hunting grounds for top talent?

"Those like retailing and automotive," the firm says, "because of their recent spotty performance record."

Where the demand is

Heidrick and Struggles has a copy-righted survey of executive demand it calls "Executrend." Here's how "Executrend" compares demand in 1974 to that in 1973:

General Engineering	Up 27%
Defense Engineering	Up 19%
Manufacturing	Up 18%
Finance	Up 12%
Marketing	Down 3%
Gen. Administration	Down 25%
Personnel	Down 48%
ALL EXECUTIVES	Up 13%

Engineering, the firm notes, is up over a period in which that skill was little sought after.

"We find some things that are changing," says Leonard H. Serwat, partner, Spencer Stuart & Associates, Inc., New York.

"For example, we're now getting clients that want a man who can solve a specific problem they have, like product planning or quality control. In short, a troubleshooter."

"In addition, a number of companies make requests like this: 'Find us a guy who can develop our pro-

ple and build a good company team'. They go outside, because they lack that talent in the company."

"Also, there's a growing interest in women executives, for line positions, not just staff. It's partly because of Washington. But I sense a feeling that the women have been stepped on and they should get more of a chance."

The Association of Executive Recruiting Consultants, Inc., a trade group, sees demand switching, too.

"It appears from our statistics," says John F. Schlueter, executive director, "that overall demand now is off about 15 or 20 per cent from its 1974 peak. But it is up in some areas."

"In marketing, sales and manufacturing production, new search requests are higher. Corporations are trying to get manufacturing costs under control, and to get marketing and sales efforts going, too. In this economy, that's understandable."

Robert J. Krempel, board chairman, Krempel & Meade, Los Angeles, notes a similar pattern:

"The key attitudes are a desire to tighten up, increase efficiency and control costs—all those good management techniques are a must now."

"Manufacturing and financing functions seem to be getting the closest attention. That's where the grass will be greenest."

"That's natural. Those executives have the greatest impact on costs."

More in the middle

One man's poison apparently is another man's meat.

That's how Douglas F. Pierce, president, Pierce Sandford & Associates, a Dallas search firm, views our current "stagflation."

"The clients I see," he says, "are not expanding product lines or plant. Instead, they're running at 100 per cent capacity—at least in the so-called shortage industries like oil, paper, chemicals, copper and cement."

"This means we're being asked to find more executives, but at the mid-

The Managerial Job Market *continued*

management level. Because of tight money, and the difficulty of getting raw materials, companies aren't expanding.

"Also, the lag time is so long today that companies can't forecast costs.

"So we see less expansion—and thus fewer top-level jobs opening up.

"The business climate is also hurting demand for marketing executives. Companies tend to fall into two classes:

"They're in an industry that's gone to hell in a hand basket—materials are so high, or they can't sell what they're making, like autos—and marketing can't help.

"Or else they have a three-year backlog of orders, like railway car makers—and they don't need any marketing help. The same is pretty much true of any manufacturers of heavy equipment in the energy or food fields, such as firms that make drilling rigs or tractors. They're limited only by how much steel they can get.

"They're filling out management at the middle or bottom of the triangle."

Transfers of savvy

But John W. Siler, president, John W. Siler & Associates, Inc., Milwaukee, doesn't find marketing a disaster area.

"It's still big with us," he says.

However, he does detect a trend away from narrow specialization.

"The emphasis no longer is on technical knowledge," he says, "but on modern management skills. A few years back, companies were looking for executives who grew up in the same industry.

"For example, a battery company wanted a man who knew batteries from A to Z.

"Not now. Instead, they're looking for a man well versed in management techniques or principles—and how to apply them.

"They find that there's a great transferability of management savvy. If a man can sell beer, say, he can sell cigarettes.

"My clients want practical experience and a track record. The requirement for a college degree is not a real hang-up out here."



This year was a boom year for most executive search firms. That's partly because more and more companies are turning to them when they need a key man. The do-it-yourself school is dwindling.

Burnell C. Helmich, president, Helmich, Miller & Pasek, Inc., Chicago, thinks 1975 should be as good—or better.

"The demand for quality," he says, "seems insatiable. Everybody wants the get-results guy. They feel that the best predictor of the future is the success of the past.

"First and foremost, companies are looking for good general managers—group vice presidents or senior vice presidents. Put finance executives high on the list. Because of the terrible money problem, cash management is vital."

Wanted: a take-charge guy

Thorndike Deland Associates, New York, sees no large increase in demand for executives next year over 1974. Says Thorndike Deland, partner:

"The number of companies looking for help is going to inch ahead, perhaps, but not spurt. The big demand for general managers with profit responsibility—for a division

or entire company—will continue, however.

"It will be for people who can take charge and make the tough decisions. Companies no longer are promoting the vice president-finance, for example, and making him president, even though he has never been in the fray of production or marketing.

"Because of competition, what they want is a man who has shown he can run the show. To get the top job, he has to show he can handle it all, and come up with a profit. That means he can't be a whiz at just one phase of the business.

"Of course, demand has been up also for men who can handle money—vice president-finance, comptroller or fiscal administrator. Not just a bank relations man, but one who knows the rate of return on investments and gets into the blood and guts of expenses."

Why?

Because capital is so hard to come by, executive recruiters say. It costs a bundle to borrow, and selling more stock on Wall Street, at recent prices, is out of the question.

The money has to come out of profits.

Slack in supply

So much for demand for executives. But how about supply?

That may slack off, Heidrick and Struggles feels.

"Many mobile executives of a few years ago have been checked by today's cautionary mood," it says. And 1975 may see more of the same.

It cites three reasons why:

1. The uncertain economic climate, which should linger through most of next year.
2. The sky-high cost of a new mortgage—which puts a premium on staying put.
3. The emerging belief, especially among younger executives, that the "quality of life" inherent in a job is as important—at least—as the traditional badges of success: salary, title or responsibility.

Things sound rough in the U.S.A.?

Not so, says Wardwell Howell.

"In England," he adds, "opportunity is near zero. And elsewhere abroad, it's very bad."

—JOHN COSTELLO

Demand Is Big for Rigs Among Oilmen

Around-the-clock operation of drilling rigs is shaping up as a key element in the nation's quest for less dependence on oil imports.

The National Petroleum Council pinpoints rig availability as a critical factor in oil drilling during the next two years.

According to NPC, the number of operating rigs is expected to increase 5 or 6 per cent annually in 1975 and 1976. But the demand for the rigs, it's estimated, will increase about 25 per cent per year. Thus, if most rig operation continues to take place only in daylight, NPC says, there obviously won't be enough of them to go around.

The Council says that "around-the-clock utilization in critical geographical areas"—which, it explains, works out to only a 16-hour-day, due to

downtime—"could handle a 35 per cent increase in demand through 1976."

H.A. True Jr., immediate past chairman of the Council, says a combination of other changes also could contribute to a more promising outlook: Exporting of fewer rigs than expected; prompt resolution of problems concerning repatriation of previously exported rigs, both from Canada and overseas; and use of larger rigs.

The projected shortage of rigs is not the only such factor expected to stand in the way of drilling operations.

The Washington-based Council, which advises the Secretary of the Interior, says that a need for new trained manpower, as well as logistics problems, may cause drilling plan

deferrals in 1975. But it adds that this situation should be resolved by the start of 1976. •

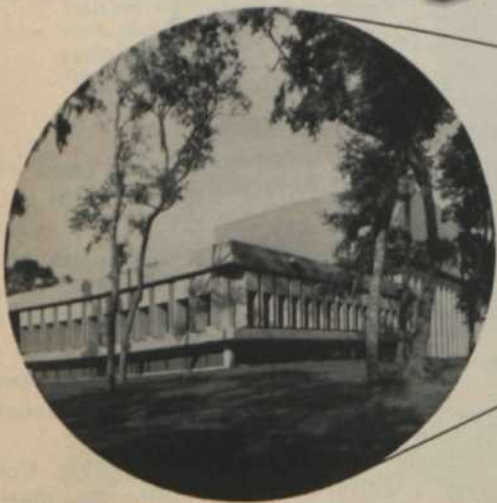
No Nose Dive for General Aviation

Last year, during the Arab oil embargo, there were well-founded fears that the general aviation manufacturing industry would take a steep nose dive, because of the fuel situation. But it hasn't happened.

Edward W. Stimpson, president of the General Aviation Manufacturers Association, predicts 1974 sales will end up some 6 per cent over the 1973 level—rising to an estimated \$920 million, representing 14,400 aircraft.

The industry projects 1975 as even better—with deliveries rising 20 per cent over 1974, to between 17,000 and

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Pennsylvania	3.00	-11.0
Texas	4.21	24.9
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1972 Census of Manufacturers, Advance Report, U.S. Bureau of the Census, Department of Commerce, Dec. 1973



Texas Industrial Commission
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The World of Industry *continued*

18,000 craft. Factory billings, it's estimated, will be \$1.1 billion.

James B. Taylor, vice president of Cessna Aircraft Co., notes that already there are more jet-powered aircraft in the general aviation classification than operated by airlines. By 1984, he estimates, the U.S. jet-powered business fleet will be about 8,200, while the airlines will be flying about 3,500 jet craft. •

Productive Discussion on Government Buying

Last May, representatives of leading suppliers of goods to the federal government and of agencies that use the goods met with procurement experts to launch a program of stimulating new product development through government buying.

The dialogue was so productive, say the General Services Administration's Federal Supply Service and officials of the National Bureau of Standards' Experimental Technology Incentives Program, that a followup session has been scheduled in January.

This session will focus on major changes that can be introduced into the procurement process. Dr. Jordan Lewis, director of ETIP, gives as examples such innovations—for the government—as life cycle costing, the use of performance specifications, and product testing and certification.

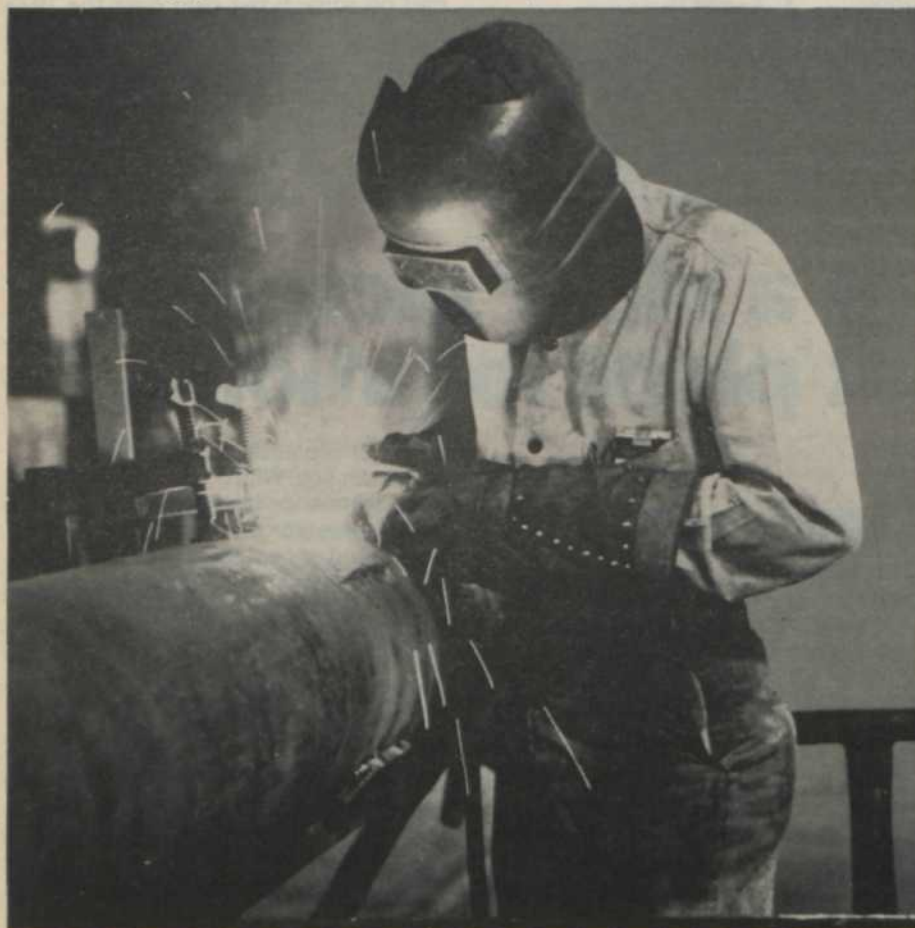
At the first meeting, participants came up with recommendations that may cause significant modification of government buying practices so that they more closely resemble those of the private sector. •

Marriage, Italian-Style

Both pneumatic tires and steel tracks have a place on farm equipment.

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Now, an Italian inventor, Count Giovanni Bonmartini, has married the two, developing a pneumatic



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The World of Industry *continued*

track. The Agriculture Department's National Tillage Machinery Laboratory, at Auburn, Ala., has tested it and reports that it provides almost as much traction as the steel track and offers much of the advantages of the pneumatic tire.

The laboratory's Dr. James H. Taylor makes this evaluation: "The pneumatic track concept has the potential for combining many desirable features of steel tracks with those of pneumatic tires, resulting in a traction device superior to anything now available." •

Design Data From Abroad

The Commerce Department's National Technical Information Service is making it easier for U.S. manufacturers of all sizes to readily obtain engineering design data from abroad.

NTIS will now take orders from U.S. customers for data offered by Britain's Engineering Sciences Data Unit.

ESDU reportedly has the most authoritative collection of design data in the world, and leading U.S. firms have been among its customers for years. Now NTIS is making this service more accessible to all potential U.S. customers. The Commerce Department unit will take an order and transmit it to London. ESDU will airmail the requested information directly to the customer.

The basic package is called a data item and covers a single topic. It consists of graphical data, equations and tables, together with definitions and terminology, other explanatory matter and work samples.

ESDU has pioneered, since 1940, in developing its product, which is design data based not on a single investigation, but on collection from world-wide sources. •

Go to the Crab, Thou Scientist . . .

Evolution, it seems, doesn't necessarily mean technological progress.

A case in point is the horseshoe crab, one of the world's oldest surviving species, which apparently had its eyes designed right the first time by Mother Nature. The crab's optics ap-

pear to offer a solution to one problem facing scientists and engineers working on harnessing solar energy.

The most effective collectors of solar energy generally have been those pointed directly at the sun. But the earth turns and the collectors need some sort of tracking equipment.

Recently, Dr. Roland Winston, a University of Chicago physicist, designed a trough-shaped collector that concentrates light without focusing it. Scientists note that Mother Nature developed a similar system for the horseshoe crab's eyes 200 million years ago.

The Atomic Energy Commission's Argonne National Laboratory is using the Winston-Mother Nature technology to develop more-practical solar collectors. AEC scientists believe Winston collectors, designed to concentrate solar energy 10 times, would have to be adjusted only once a day if used in utilities' solar power plants.

Collectors concentrating sunlight about three times, such as would be suitable for individual home heating and cooling, would require only seasonal adjustments, scientists say. AEC, working jointly with the National Science Foundation, plans to test prototype panels in Cleveland at the National Aeronautics and Space Administration's Lewis Test Center. •

Wanted: A Better Way to Run on the Railroad

The Federal Railroad Administration is funding a program to redesign trucks: not the kind that haul goods on highways, but railroad trucks—the suspension systems, brakes and wheels on freight cars.

FRA has awarded an \$887,000 contract to the Southern Pacific Transportation System to develop new design approaches, and to build prototypes and test them on Southern Pacific trackage in the West.

"Historically, truck improvements have been simple adaptations of traditional equipment," says FRA Administrator John W. Ingram. "The purpose of this study is to find ways to develop—from scratch—underbody systems that match precisely the heavier loads and changed operating conditions of modern railroads." •

Do You Know When the Job's Really Done?

So often, people aim in the right direction in business, but somehow fail to hit the target



DRAWINGS: CHARLES A. DUNN

Psychologists have a word for it: closure.

Salesmen call it the ability to clinch a sale.

It's something that many businessmen lack—to their cost.

Take these examples:

- The president of a medium-sized company that manufactures components for the auto industry has studied one expansion plan after another for the past 18 years. But his firm, although moderately successful, has not expanded in either size or profitability—while several competitors have zoomed.

- A dynamic salesman who recently made the familiar jump to sales manager uses his persuasive powers to exhort and stimulate each man on his staff. The group is enthused and trying hard, but somehow sales are not up to expectations.

- A group of executive trainees in a major chemical company has completed 18 months of instruction and orientation in a succession of departments. The brightest and most promising was given the choicest plum—staff assistant to the executive vice president. But now the new aide is a disappointment to his boss, because the projects turned over to him have dragged along unfinished.

These three instances illustrate a problem which, in thousands of guises, turns up in every office, store and factory in the business world. Out of any hundred individuals, only a few will have the knack of knowing just when a job is really done.

What is this sense of closure that so often is wanting in business?

To the psychologist, the strict meaning of closure is the mind's inclination "to close gaps subjectively and to view incomplete figures as wholes."

If we see a word that looks like "American," we assume that the first letter is a capital A. Even though

the crossbar is missing in the letter, we may supply the little line with our imagination.

An artist's smudge of shadow and dab of highlight become a complete nose in our mind's eye, because the other features around it make us expect to find a nose there.

This happens constantly in our visual world, and usually it's all to the good.

When the same phenomenon occurs in the world of work, what counts is whether we sense closure at the right moment—when a task is really complete. If not, we confuse effort with achievement, and the results are inconclusive, wasteful or even disastrous.

Seeing things through

Take that company president who has never succeeded with any of his expansion plans. He is clearly a competent man, for the firm has been steadily profitable and stable. If having his company do a good quality job at its present size is his goal, his 18 years at the helm have been entirely successful.

But he is also filled with the popular idea that a company should grow. He sees others in the field building new plants, forming overseas subsidiaries. So he has taken up a score of such ideas, put staff members to work on them, even hired outside consultants to prepare reports.

Then, he has found a reason to put off any final decision on each project.

Very likely there are a whole cluster of complex psychological reasons for this—perhaps even an inner dislike of change. But a faulty sense of closure is deeply involved in causing all this needless wheel-spinning, because this man thinks he has done the things he has only tinkered with.

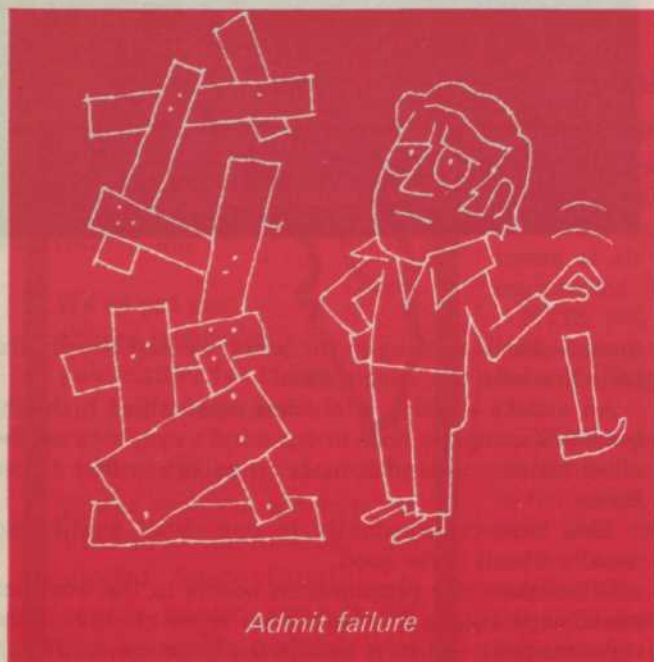
He believes his failure to go ahead with any program

Do You Know When the Job's Really Done? *continued*

is due to prudence. Mentally, he rounds out all these studies and sees them as valuable contributions to the company's experience. If he were able to view them clearly as representing almost nothing, he would either make his future attempts more pointed—or else abandon them altogether.

Meanwhile, the former star salesman who is fizzling as a sales manager is failing to see that perfect closure in one kind of work is sheer illusion in another.

As a salesman, he knew himself to be brilliant at clinching deals by means of persuasive arguments.



Now his fine verbal imagery does just as well at spurring the salesmen under him to greater effort. But they need several other things—plans to coordinate their customer calls with advertising campaigns, better audiovisual aids, more technical training in the latest competitive developments. The manager who thinks his job is done when he has filled his men with fighting spirit is like an inspiring tank commander who neglects supplies of fuel and ammunition.

As for the junior executive who starred as a trainee but now disappoints in his first real assignment, as assistant to the chemical company vice president, he has that very common trait of "leaving the details to others." He excels at analyzing a problem, is very impressive in talks with his superior, deftly works up an approach for gathering more facts and moving toward a solution.

Then he entrusts the work to a clerk or secretary.

Even that would be perfectly sound, if he were sure of the caliber of the other person. Delegation is fine, but the responsibility is not to be delegated along with the work.



It is the delegator's duty to make sure that the job gets done, and done right. On that one point this promising young executive is falling down. And the vice president he assists, who has no time to be burdened with sloppy staff work, knows only one thing—that he cannot rely on this assistant to see things all the way through to the end.

Out of sight, out of mind

There are different degrees of complexity in closure problems. Some involve deep-seated inadequacies that may indicate a wrong job assignment. In other cases, it is simply a matter of inexperience. Or of laziness—not liking to follow through on the details of a job, a person tricks himself into thinking that it is not necessary.

"Somebody else should be attending to it," he tells himself, "so there is probably no need for me to worry about it."

Happily, this kind of illusory thinking can be cured. The most important step toward a cure is to know that the weakness is there.

When it comes to our visual senses, obviously we can see an impressionist painting for exactly what it is—separate blobs of paint—and thereby disconnect the closure illusion at will.

In the same way, you need only look squarely at a task to know at once whether your part of the job is really complete. Ask yourself these questions:

Where does the job stand?

What will happen to it if left alone at this point?

What other efforts are needed?

Who should be making them?

Are you sure he is aware he should, and is following through?

Everything said up to this point gives the impres-

sion that a faulty sense of closure always involves failure to carry the work far enough.

But that's not so. Some people have the opposite habit of hanging on too long to a project they should have dropped or passed on to another.

Sometimes this comes from a dislike of admitting that a pet plan has failed. An idea was developed, discussed, studied—and gradually it became apparent that the prospect of success was not a glowing one.

If it were anyone else's project—seen objectively—it would have been easy to conclude that it was not worth more effort. But to the person who invested his own time, prestige and self-image in trying to make it work, the notion of closing the door on the project is too painful.

And so it is kept just alive enough to bleed further effort from all those in contact with it.

More common, even among people who are good at many aspects of business, is the inability to sell an asset at a loss. For instance, a stock that had once gone higher. Many can't forget that large paper profit they failed to take at the right moment. Wishful thinking keeps them from saying: "This episode is closed. It is better to take the loss and go on to a different investment."

Most of us know that all the really successful operators in any field—stocks, commodities, real estate or management—take small losses regularly, always holding these minuses to small figures and moving on to bigger pluses.

But it is very hard to exert the self-discipline needed to join that select group. "Loss" and "fail" are four-letter words that we try to avoid at all cost, and the cost is often great.

There's still another, though less common, reason for not recognizing when a task is finished.

Tennis instructors have to tell every student: "Don't admire the shot you just made. As soon as the ball leaves the racket, get ready for the next stroke."

A job successfully completed gives pleasure and often makes a manager relish holding on to it. Everyone has some of this trait, of wanting to stand back comfortably and enjoy his past achievement.

It's natural. But it becomes a fault if you tend to make elaborate excuses to keep control of a product, a project, a division or any other business operation that should already have been passed on to others.

Accurate closure, then, doesn't mean finishing every single part of every task that comes your way.

It means knowing just how far your responsibility extends, making sure to carry a task right to that outer limit, then seeing that it is put—like a relay runner's baton—firmly into the grasp of the right man.

—CHARLES BIGELOW

REPRINTS of "Do You Know When the Job's Really Done?" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.



December is a time for tinsel and toys . . . and other things.

In some parts of the country it's a time for snow and sleds and skis. For children there is Kris Kringle, Saint Nick or plain old Santa Claus.

Deep down, however, December is much more. It's a taking stock time and, for many, a time of return to faith. Some think of a star, a manger and the Christ Child. Some think of Hanukkah.

Some will observe the passing of an old year in silence. Others will sing joyous songs.

But basically, December is recognized as the month for "Peace on Earth, Goodwill Toward Men."

Pete Progress and the folk at your chamber of commerce wish for you that kind of spirit for every month of 1975.



This Month's
Guest Economist
James E. Sinclair

Mr. Sinclair, a partner in the New York brokerage firm of Vilas & Hickey and head of its foreign department, is an expert on international economics and investments.

Some Speculations on Gold

Big events often make small headlines. Thus, President Ford's decision to sign a bill allowing American citizens to buy and sell gold after Dec. 30 rated a comparatively small mention at the time.

What will be the aftermath of the legalization of ownership of gold in this country for the first time in 40 years? Will it follow the pattern of Japan, where a short-run buying spurt quickly faded, or will the consequences confound the monetary experts as so often has been the case in recent years?

How should the investor evaluate the prospective merchandising campaign for the ownership of gold which might well eventuate with legal ownership, not to mention all those ads that suggest the purchase of gold in other forms such as coins?

In my opinion, for the present the freedom of American citizens to own gold should not be interpreted as overly bullish for that metal on a short-term basis. Gold, I feel, will move in line with economic forces affecting this country, particularly the success or failure of our efforts to combat inflation. One important factor that should be recognized is that the freedom to own gold will, in all probability, be accompanied by the sale of gold from the U.S. stockpile to meet the new demand.

I think it would be most unfortunate if the American "merchandising miracle" that worked so well for soap and cigarettes should be applied to gold. There is no doubt in my mind that the high-pressure promotion of gold ownership would have negative consequences, if it brought people

into the gold market who did not understand its fundamental nature.

Why is there so much interest in gold? Simply stated, gold has—over much of the history of mankind—proved itself to be more properly "money" than paper currency. It's also been a greater storehouse of value. Unlike paper currency, gold has never failed as a medium of exchange, nor is it likely to in the future.

Nevertheless, it must be borne in mind that gold is not an investment but a speculation. Gold, after all, pays no interest and in fact its carrying charges produce a negative return. What's more, as Treasury officials have warned, the gold market—unlike the market in agricultural commodities and the securities markets—is almost totally unregulated. Another factor to be considered is that world prices are geared to a market measured in 400-ounce bars; small bars which may be marketed to the small investor inevitably will be subject to fairly high mark-ups.

But even with these shortcomings, gold has been—and should continue to be—an interesting and rewarding speculation. Those who have the courage to act, and the necessary patience that may be required, eventually could benefit from considerably higher prices for the metal.

This conclusion is based on the simple fact that the trade deficits which are being produced in Western Europe and throughout the world must somehow be dealt with. Gold is the only constituent of the Western world's monetary reserves that has the ability to grow by virtue of price increases. Simply by being collateralized at whatever price is chosen (i.e., the free market price), it has become the reserve currency of the world.

To state matters simply, one dollar is one dollar. But not so a dollar's worth of gold. Take the case of Italy, where—for the purpose of securing a loan from West Germany—some \$3.8 billion of gold became \$9 billion, simply by collateralizing the gold at a selected price.

Or take the case of the United States itself. We have, not only in 1974 but as a prospect for the future, a balance of trade deficit which must

be settled. Hence, the United States is also a likely candidate to benefit from gold's ability to increase in price.

There are, to be sure, a number of imponderables which will affect the status of publicly owned gold. Among them are the specific mechanisms which will evolve for U.S. citizens owning gold; the selling policies of the U.S. Treasury; and the psychological aura surrounding the metal, both at home and abroad. It is well to remember that not only what happens in the U.S. affects the price of gold, but also economic events that take place in Europe and other parts of the world.

Gold, it should be emphasized, is not the ultimate hedge against inflation.

Over the medium term, the price of gold will be influenced by developments associated with currency fluctuations, commodity prices, bank liquidity and the like. But it will continue to rise, with intermediate sharp downside corrections, as long as currencies around the world continue to inflate.

Ultimately, there is no real potential price "ceiling" that can be pinpointed for gold; it will simply go as high as paper money goes low.

The extraordinary inflation which currently besets us has many historical precedents. Gold is simply the thermometer of the situation, and anyone who blames gold for the problem simply fails to realize that one cannot cure economic malaise by destroying the doctor's tools. People who find their savings consistently declining in real buying power will continue to look for what seems to them a reliable store of value.

Fiscal and monetary policy tools now used to resist recession can only serve to kindle more inflationary fires and to propel more people, world-wide, into gold and other precious metals—and out of currency.

It has happened before in history and, due to man's generally unenlightened nature, it seems to be happening again. There is no cure for inflation other than internal and external discipline—which, unfortunately, requires more political heroism than has been evident for a long period of years.

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BUSINESS: A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

Snipping Away at Your Paperwork

Congress is deadly serious about taking a bit of the paperwork burden off the back of businesses, especially small firms.

Earlier this year, Rep. Gus Yatron (D.-Pa.) started the ball rolling in the House when he introduced a bill to cut red tape.

What has emerged from the House is legislation which, if the Senate agrees, will produce an attack against this irksome problem just like a successful one mounted by the Commission on Government Procurement to simplify government buying practices.

The bill—H.R. 16424—will create a 14-member Commission on Federal Paperwork, authorize a two-year life span for it, and give it \$4 million to do its work.

A report will be required at the end of the Commission's two years. Congress will expect recommendations for changes in statutes, policies, rules, etc.

The Office of Management and Budget will have the job of coordinating the Commission's recommendations with all Depart-

ments and agencies. If the latter agree to changes, OMB will assist in getting them under way.

Where this isn't possible, OMB will prepare legislative proposals.

On the Paperwork Commission will be the director of OMB, the comptroller general, two members each from the House and Senate, plus one other government official to be appointed by the President. The President will also name five members from private life, including one each from small business and labor, and two from state or local government.

Proponents see a great potential for savings, noting that paperwork now costs the federal government and business an estimated \$36 billion a year. They claim it wastes 130 million man-hours of effort annually.

The last legislation to address itself to the red tape problem was the Federal Reports Act of 1942.

FTC Will Have Fewer Secrets

The Federal Trade Commission appears to be running hard for a tell-it-like-it-is award among government agencies.

Latest in a series of FTC moves toward more openness is a broadening of its disclosure policy concerning its members' voting records.

In the past, individual commissioners' votes were announced only on final actions in rulemaking or adjudicatory proceedings.

But in the future, they will be revealed when the Commission issues a complaint, launches a rulemaking proceeding, publicly announces it has directed an investigation, rejects a report of compliance, ends an investigation, provisionally accepts a consent order which is placed on the public record for 60 days, or rules on an application for release of information about a company or industry that usually isn't made public.

More Loans in the Farm Field

Those "custom-type" businesses that perform a service for the farmer on his premises are likely to find it easier to get loans in the future.

The Farm Credit Administration has entered into an agreement with the Farmers Home Administration that will permit the federal land banks and production credit

associations it regulates to provide loans under the FmHA guaranteed loan program.

Normally, these will be loans to firms engaging in such activities as crop dusting, grain combining, and fertilizer application. However, farmers operating processing facilities as part of their farm business will also be eligible.

Making Tracks Toward a New Rail System

An idea that's been rolling around for a long time now has gathered momentum with the introduction of legislation in Congress to establish an interstate railroad track system.

The federal government would take over the track systems of participating railroads and create a new agency for the purpose—an Interstate Railroad Corp.

This agency would be distinct from the U.S. Railway Association—formed last year to restructure bankrupt roads in the Northeast and Midwest into a Consolidated Rail Corp., a freight version of Amtrak.

Deteriorating trackage and roadbeds have become a nationwide problem, and railroads haven't had substantial government assistance as have other modes of transportation. Thus, a Senate bill (S.4012) to create a non-profit corporation has been introduced by Sens. Vance Hartke (D.-Ind.) and Lowell P. Weicker (R.-Conn.).

Participating railroads would pay a user

charge of \$1 per 1,000 gross ton-miles of locomotive and train operation, and the money would be earmarked for long-term maintenance and improvements.

To acquire funds to rehabilitate existing tracks so they are adequate for 60-mile-an-hour freight operation, the Interstate Railroad Corp. would levy a 1 per cent tax on all domestic surface freight shipments—truck and barge, as well as rail—for a six-year period.

Property acquired by IRC would be exempt from local taxation, but the corporation would make equivalent payments to the states.

Railroads that don't participate would be required to maintain trackage to meet federal standards.

Legislation similar to S.4012 has been introduced in the House—H.R.15503 and H.R.15504. Hearings are not expected to start in either House or Senate until after the new Congress convenes in January.

A Stimulant for Nuclear Energy

With the activation of the Energy Research and Development Administration and the concurrent demise of the Atomic Energy Commission, Congress is expected to start seriously considering creation of a quasi-governmental corporation to stimulate nuclear fuel processing by private industry.

Rep. Craig Hosmer (R.-Calif.) is pushing a bill to create a self-supporting United States Enrichment Corp. The Atomic Energy Commission's uranium supplies and processing facilities would be transferred to the new corporation.

Presently, nuclear fuel is enriched—meaning the uranium is concentrated—at three gaseous diffusion plants. Even if these plants are updated and expanded, they will only be able to meet the projected demand from utilities until 1982.

The corporation would expand production, most likely by development of the new, less-power-and-water-consuming centrifuge process, but only if private industry doesn't step in and take over. More and more firms that initially were interested in nuclear fuel enrichment have cooled off on the idea because of the inflation-swollen capital investments—billions of dollars—that will be needed.

To revive such firms' interest, the new corporation could offer private businesses financial aid in building the enrichment facilities and assure them that it would not construct competing facilities.

An annual investment of around \$2 billion is estimated by Rep. Hosmer. ERDA doesn't have the authority to provide the envisioned aid.

Science Advisers in Ford's Future?

Congress is giving President Ford insistent nudges toward restoring science and technology to their former place of importance in the Presidential decision-making process.

The Executive branch hasn't had an in-house science adviser since the early days of President Nixon's second term, when the post was summarily abolished along with the Office of Science and Technology and the Scientific Advisory Committee. The National Science Foundation has acted as a stand-in.

Numerous bills have been introduced to remedy this situation and, just before its election recess, the Senate passed S.32, the National Policy and Priorities for Science and Technology Act of 1974.

In addition to creating a framework for coordination of the nation's research and development activities, the Act authorizes creation of a three-member Council of Advisers on Science and Technology in the Office of the President. The members, to be named by the President, would be full-time.

EDITORIAL

You're Still the Boss

Every two years we make a point of reminding you that the people you've elected are your employees. You have hired them to do a job for you as Senators, Congressmen, Governors or whatever.

This year you have hired a great many more new people than usual, some of them replacing long-time employees.

Once again, we'd like to remind you that you're the boss. These new people don't know what you want them to do unless you let them know.

So tell them.

FUN NSURANCE



Atlanta's "Magnificent Omni" plays host to professional sports, family shows, the circus and more. The Omni needs insurance protection, and they have it with multiple line coverage from The Home.

Totally modern and ultra-comfortable, The Omni is the pride of Atlanta and the Southeast and is the home of the NBA Hawks and the NHL Flames.

Through our local representative, the Garlington-Hardwick Agency, Home provides a complete multiple line package including \$20,000,000 worth of coverage on this new structure and its contents; \$4,500,000 for business interruption; comprehensive liability plus a complete Workmen's Comp program.

Whether you need to protect something as magnificent as "The Omni" or a nuts-and-bolts assembly plant, The Home has the multiple line coverage and facilities for you. Contact your broker or look for your Home agent in the Yellow Pages.

**Home
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A CITY INVESTING COMPANY GROUP



Perth sends you its Best for the Holidays

We do not have much snow in Scotland. It is said that we gave it to America to make your Holidays brighter.

Along with the snow go our best wishes . . . and our good whisky.

We don't miss the snow. And we always keep enough Dewar's "White Label" over here to toast a few friends of our own. The season would be mighty cold without that!

Authentic.

DEWAR'S
"White Label"
Dewar's never varies.

